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ABSTRACT

A policy that addresses youth unemployment with monetary expansion for similar fiscal policies is criticized as compounding the problem, and alternative solutions are offered. Accordingly, a brief look at youth labor market characteristics, pertinent labor market theory, and the present industrial distribution of employed youth is offered. A general overview of occupational trends follows, with a closer look at growth occupations that are relatively accessible to youth. It is the position of the paper that those jobs most likely to be created in greater numbers by monetary expansion or similar fiscal policies are not of the sort likely to increase future earnings or productivity, positively affect the equity problem, or foster educational efforts. Some job creation efforts that have been tried are discussed, including work experience, the Comprehensive Employment and Training Act, on-the-job training, tax incentives, local efforts and entrepreneurship, public works, and the military. Methods of and points for intervention are offered that are likely to stimulate job creation to alleviate the problem, including the targeting of in-school and out-of-school youth, creation of secondary jobs for in-school and primary jobs for out-of-school youth, and creation of incentives for the private sector. (YLB)

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YOUTH EMPLOYMENT AND JOB CREATION

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"Schooling is rarely undertaken because it's a pleasurable experience. It's a commodity, a ticket to a job. And young people have friends who graduate and get lousy McDonald's type, deadend jobs. They don't sense that school has any connection with getting a better job because there don't seem to be any better jobs."

--Henry Levin, as quoted in an article entitled "High School Dropout Rate Symptom of Bigger Problem," by Elizabeth Lafferty in the Seattle Post-Intelligencer, September 14, 1982.

Youth Employment and Job Creation

Although the problem of youth unemployment is complex, general analyses are likely to touch upon the following four aspects paraphrased from Henry Levin's paper, "Youth Unemployment and Its Educational Consequences."

1) The inability of youth to find employment stymies productive integration into society. The frustrated job seeker becomes cynical and such cyncism may manifest in personally and socially counterproductive behavior patterns (e.g., crime and drug abuse) with appreciable future rehabilitative, detainment or care costs to society.

2) There is some concern that youth unemployment adversely affects future earnings and productivity.

3) 50% of all teenage unemployment is found among 10% of teenagers. These are the disadvantaged and minority youth. This contradicts the equity principle upon which this nation is founded.

4) Rising youth unemployment rates, much as in #1 above, foster cynicism regarding education's ability to lead to employment. The ensuing lack of motivation to continue school leads to higher dropout rates. If education has value in the labor market, this will lead to a lack of future productivity both for individuals and for the nation.[1]

The proposed and attempted solutions to the general problem are perhaps more diverse than its aspects. One solution holds that since poor economic conditions bear the major responsibility for youth unemployment, the most successful solution is likely to be general fiscal and monetary stimulation. Such a policy will allow for a greater job pool by stimulating the economy in general. This proposed solution tends to deemphasize or preclude policies specifically targeted at youth since such policies, at best, only create labor market competitive youth that displace other workers in the static job pool.

This theory finds support in the rationale that reductions in force are likely to disproportionately affect youth due to youth's usual lack of training, experience or seniority. Similarly, the theory goes, youth have little chance to enter the job market in a tight job market. Levin's paper also shows that youth unemployment rates have generally moved in the same direction as adult unemployment, but that the ratio of youth unemployment rates to adult unemployment rates has been recently increasing.

"In 1965 the teen employment rate was about three and one half times as great as that for persons 25 and older in the U.S....By 1979 these ratios had increased to about four for the U.S...."[2]

Using the same data, it is evident that the ratio has also increased for 20 to 24 year olds. Certainly, in the short run, an increase in the total number of jobs, other things being equal, is likely to lead to a lowering of the youth unemployment rate. However, the following paper will attempt to show that pursuit of such a policy will do considerably less in the way of mitigating the problem as Levin presents it. Indeed, a policy that addresses youth unemployment with monetary expansion or similar fiscal policies as its primary instruments may actually exacerbate the problem.

2

The youth unemployment problem has much to do with the sorts of jobs that are available and where jobs are available, as well as the aggregate number of jobs. Accordingly, this paper will offer a superficial look at youth labor market characteristics, pertinent labor market theory and the present industrial distribution of employed youth. A general overview of occupational trends will follow, with a closer look at particular growth occupations relatively easily accessed by youth. It is the position of this paper that those jobs most likely to be created in great numbers by monetary expansion or similar fiscal policies are not of the sort that are likely to stem cynicism, increase future earnings or productivity, positively affect the equity problem or foster educational efforts. The latter part of the paper will present and comment upon job creation and training efforts that have been tried in the past. From the lessons learned through these efforts, some notions regarding methods of and points for intervention that are likely to stimulate creation of the sorts of jobs that will alleviate the problem are offered.

Youth Labor Market Characteristics

The likely effects on youth unemployment of general monetary and fiscal "pump priming" depend partly upon the characteristics of the youth population and labor force. The youth population has grown dramatically in the post World War II period. Between 1950 and 1980, the proportion of youth 14 to 24 years of age increased from 16% to 20% of the total U.S. population.[3] The youth population increase for whites preceded that for nonwhites and so the black youth population is disproportionately younger than the white youth population.[4] It is also important to note that the proportion of the youth population that falls into the 16 to 19 year old age bracket has been decreasing slightly since 1960 while the 20 to 24 year old age group has been growing as a proportion of the total youth population (see table below).

TABLE #1[5] YOUTH POPULATION PROPORTIONS

Ages	1950	1960	1970	1978	1980	1985	1990	2000
14-15	17.3	20.2	20	18.9	16.8	17.5	16.9	20
16-19	34.8	39.1	37.6	37.5	36.9	34	35.7	38.6
20-24	47.7	40.7	42.3	43.6	46.3	48.6	47.4	41.5

Source: U.S. Bureau of the Census. Current population reports, Series p. 25.

An even greater proportional growth, for youth, has occurred in the labor force: from 14.9% of the total labor force in 1954, the 14 to 24 year old age group had grown to 24% of the labor force in 1978.[6] Reflecting the aging of the youth population, the 25 to 34 year old age group as a proportion of the civilian noninstitutional labor force increased from 20.6% to 27% between 1970 and 1980.[7] In spite of the leap in the youth labor force, aggregate youth employment to population ratios (employment as a percentage of the total noninstitutional population) were slightly higher in 1978 than in 1950 and appreciably higher in 1978 than in 1960 or 1970.[8] The fact that unemployment rates for youth have risen so markedly over this same time period has much to do with the fact that the percentage of the youth population in the labor force has been steadily increasing (see table below).

TABLE #2[9] YOUTH LABOR FORCE PARTICIPATION RATES: 1960 and 1980

		1960		1980	
Sex	Age	# In Labor Force	Participation Rate	# In Labor Force	Participation Rate
Male	16-19	2.8 Million	56.2%	4.9 Million	60.7%
Female	16-19	2.1 Million	39.3%	4.3 Million	53.1%
Male	20-24	4.1 Million	88.1%	8.3 Million	86.0%
Female	20-24	2.6 Million	46.1%	7.1 Million	69.0%

Source: U.S. Bureau of Labor Statistics, Handbook of Labor Statistics, Annual, and Employment and Earnings, Monthly.

Although the youth population explosion has been falling off and was expected to peak in 1980, projections indicate that there will be a slower decline for minority youth through 1990.[10] In spite of the fact that the 14

to 24 year old minority group has grown as a percentage of the population from 2.6% to 3.6% in the 1950 to 1978 period,[11] 16 to 24 year old minority youth as a percentage of the total labor force has dropped from roughly 2.4% to 1.5% in the same time period.[12]

Who is Affected?:

Bureau of Labor Statistics data show that unemployment rates for female youth, both white and nonwhite, have risen since 1954. This upward movement has been considerably steeper for nonwhites, particularly for teenagers.[13] Although the growing racial differential must certainly not be dismissed, it may be partially explained by a dramatic upturn in the labor force participation rate for white female youth.[14] The Employment and Training Report to the President, 1979 (Table A-4) shows that in 1970 the labor force participation rate for white females 20 to 24 years of age passed that of nonwhites for the first time. For 16-19 year olds, the white female participation rate has always been higher, but has grown more rapidly than that for black female youth. Moreover, although the employment to population ratio for white females has risen dramatically since 1954, the employment to population ratio for nonwhite females has remained roughly the same.[15] A disproportionate amount of both the unemployed and discouraged youth are nonwhite males.

The 1978 Bureau of Labor Statistics unemployment rates for nonwhite males 16 to 19 and 20 to 24 years of age were 34.4% and 20%, respectively. The unemployment rate for 16 to 19 and 20 to 24 year olds, in general, were 16.3% and 9.5%, respectively, for the same year. The difference between 16 to 19 year old white and nonwhite male youth unemployment rates has increased from one percentage point in 1954 to almost 21 percentage points in 1978. The difference between 20 to 24 year old white and nonwhite male youth has varied during the same period, but the difference in 1978 was 12.5 percentage points.[16]

The situation becomes more apparent when viewed in light of labor force participation rates for black males which have plummeted in contrast to the slowly rising labor force participation rates for their white counterparts (see table below).

TABLE #3[17] BLACK AND WHITE MALE YOUTH LABOR
Force Participation Rates

	16-17		18-19		20-24	
	B	W	B	W	B	W
1954	46.7%	47.1%	78.4%	70.4%	91.1%	86.4%
1964	37.3%	43.5%	67.2%	66.6%	89.4%	85.7%
1974	34.6%	53.3%	62.4%	73.6%	82.1%	86.5%
1978	33.2%	55.3%	59.5%	75.3%	78.0%	87.2%

Source: Selected from U.S. Department on Labor and Department of Health, Education and Welfare, Employment and Training Report of the President, 1979. Table A-4.

Dropping participation rates for nonwhite males, particularly in the 16 to 17 and 18 to 19 year old age group, coupled with a trend of rising new entrant (32.9% in 1967 and 44.8% in 1978) and relatively stable reentrant rates (34.9% in 1967 and 32.9% in 1978)[18] for nonwhite 16 to 19 year old youth belie the seemingly logical argument that nonwhite youth unemployment rates are a result of the relatively younger population. As the general youth population ages, the unemployment rate pattern of 20 to 24 year old nonwhite youth has been changing. Until the mid 1960s the unemployment rate patterns of black and white 20 to 24 year olds was very similar. Since that time the unemployment rate trend for nonwhite 20 to 24 year olds has followed a pattern of deterioration very similar to that of nonwhite teenagers.[19]

It should also be noted that over half of the black youth population is in the south and that nonwhites are underrepresented in the north central states and in the west.[20] Blacks are overrepresented in central cities. Central cities show much higher youth unemployment rates, more parttime employment, less educational achievement and generally lower youth labor force participation

rates than noncentral city areas.[21]

School and Parttime Work:

Another appreciable change in the composition of the youth labor force centers around its attachment to school and parttime labor. In 1949, 37% of the 14 to 24 year old population was enrolled in school. By 1980, the percentage was 52%.[22] Considerably more striking is the fact that the enrolled labor force for 14 to 24 year olds increased 347%, while that for not enrolled in school increased only 65% between 1949 and 1978.[23] Not surprisingly, the labor force participation rate jumped from 21.2% in 1949 to 37.1% in 1980 for enrolled youth, while the labor force participation rate for not enrolled youth dropped from 96.7% to 81.3% during the same time period.[24]

Since 90% of those working and enrolled in high school and 75% of those working and enrolled in college work parttime (fewer than 20% of nonenrolled youth work parttime), it is to be expected that the youth population has become increasingly involved in parttime employment.[25] In 1965, 40% of the 16-19 year old labor force sought parttime work while 34.4% of that same labor force worked in parttime employment. By 1970, 49% of the 16-19 year old labor force was working parttime. In 1980, the number of 16 to 19 year olds working parttime had dropped slightly, to 40.6% of the labor force, but 49% of this 16 to 19 year old cohort were still seeking parttime employment.[26]

Although the proportion of 14 to 24 year olds enrolled in school has dropped slightly since 1967, the proportion graduating has increased by over five percentage points. Black enrollment has increased in this same time period, but their dropout rate is still much higher than that for whites. Almost 25% of the 18 to 24 year old black population are high school dropouts. Forty percent of the 18 to 24 year old Hispanic population are in the same boat. Perhaps most significantly, certainly in aggregate terms, is the fact that larger

proportions of white youth, in the 14 to 17 year old population, dropped out of high school in 1978 than did nonwhite youth.[27] If this trend continues, it is evident that a larger proportion of youth will be seeking fulltime employment than has been the case in the last decade.

Some Theory

Two main theories describe the labor market behavior for high risk youth and adults. They are the Queue Theory and the Dual Labor Market Theory. These two theories are explored in Doeringer and Piore's Internal Labor Markets and Manpower Analysis. Simply, the queue theory posits that workers queue according to their desirability and that employers hire the most desirable first, working down the queue until all jobs are filled. Of course, youth are generally near the end of the line and are likely to be chosen only when the number of jobs available are sufficient to demand that employers must hire such less desirable workers. Given such a theory, a policy that fosters economic stimulation and so creates more jobs is virtually the only way to alleviate youth employment without displacing more desirable workers.

The Dual Labor Market theory, on the other hand, contends that the labor market consists of two markets: a primary and a secondary market. Jobs in the primary market are characterized, among other traits, by higher wages, good fringe benefits, advancement potential and on the job training, consistent supervisory policies and relative job security. Such characteristics, the theory contends, are the result of the economic desirability of insuring a consistent and qualified labor force. Accordingly, workers in the primary labor force are not inclined toward high rates of absence, tardiness, recalcitrance, theft, sabotage, etc.

Primary labor jobs are very often jobs within internal labor markets. An internal labor market is one "...within which the pricing and allocation

of labor is governed by a set of administrative rules and procedures. The internal labor market, governed by administrative rules, is to be distinguished from the external labor market of conventional economic theory where pricing, allocating and training decisions are controlled directly by economic variables. These two markets are interconnected, however, and movement between them occurs at certain job classifications which constitute ports of entry and exit to and from the internal labor market."[28]

An internal labor market, for example, may be an agency's civil service system, a company's managerial career ladder or the blue collar seniority system at a sawmill. Internal labor markets are most noticeably characterized by stability. That stability is manifested by the practice of, excluding ports of entry or exit jobs, filling positions from within.

Doeringer and Piore contend that internal labor markets were caused by 1) skill specificity, 2) on the job training and 3) customary law.[29]

Virtually any job requires specific skills. These skills need be no more specific than the ability to work well with other employees or familiarity with the physical layout of the workplace. The more specific the skills that are required, the more likely it is that the cost of acquiring such skills will be be borne by the employer. The more such costs are borne by the employer, the more likely will be the employer to encourage retention through the fostering of an internal labor market.

For example, it is most likely that any seaman will know that a ship's hawsers are stored in holds. Formalized or general training can easily impart this general truth. However, it is most unlikely that the same seaman will know where a specific hawser is on a specific ship unless informed by the employer or an agent of the employer (eg, another seaman). It is incumbent upon the employer to tell the sailor where that hawser is stowed, that the anchor

is prone to hang up or that the gangway needs special securing in certain ports, etc., if the employer does not wish to bear the costs of breakdown or accidents. Similarly, a regeneration forester that works with sitka spruce must go beyond his formal educational background to learn more about this specific species and the particular methods his employer uses to grow them. These methods will likely vary from employer to employer and from region to region. In any case, he will be required to learn on the job. Much of what the sailor has learned about the ship will not be transferrable to other ships. Similarly, much of what the regeneration forester has learned will not be transferrable to other regions or employers, although some of what he has learned about sitka spruce regeneration may be. The sailor has received primarily specific on the job training. The forester has received both specific on the job training and he has received general training to the extent that that training may be used in different regions and with different employers. If no formalized education is required for a job, on the job training usually provides the bulk of those skills used. If formalized education is necessary for a job, on the job training is still usually necessary to make use of those formal educational skills.[30]

Usually, on the job training is provided by workers during job performance. Accordingly, it has actual product and manpower costs and it is the quality of the work that indicates success or failure. Although formal job classification distinction is generally maintained, on the job training usually entails a sharing of responsibilities. That is, the trainee will begin by performing the simpler tasks while the trainer does the more complicated. As training progresses, the trainer will resume operation of the simpler tasks, allowing the trainee to perform the more complicated until the trainee can perform the entire task unaided. The perfect paradigm for such training is

an apprenticeship. However, on the job training may also be as simple as the new seaman performing the initial anchor let go tasks while another experienced seaman performs the sticky step until the new seaman understands the timing. On the job training may be encouraged or discouraged (knowingly or unknowingly) by employers. In any case, the more on the job training that occurs, the more the employer will have invested in the employee. Such costs may be rather hidden and are likely to be measured in terms of time lost, material waste or product damage. On the job training will occur to some extent simply because it is customary.

Customary law is informal practice that is usually based on precedent. When employment is stable, workers interact regularly and repeatedly. One manifestation of such interaction is the customary law that may dictate actions ranging from discipline to compensation.[31] Customary law may be included in collective bargaining agreements (eg, it takes two men to man a ladder), but more often than not is the main thrust of the unwritten process of socialization. Such socialization becomes important when one considers the relative virtues of different kinds of work experience for youth.

The secondary labor market is characterized by jobs that have low wages, poor fringe benefits, limited or no advancement potential or on the job training, inconsistent supervisory policies, relatively little job security and consequent high rates of frictional unemployment. Not surprisingly, secondary labor market workers are ostensibly inclined toward high rates of absence, tardiness, recalcitrance, theft, sabotage, etc. Such jobs exist because the cost to the employer of such seemingly counterproductive traits are more than the costs would be to institute the high wages, good fringe benefits, etc., that would eradicate the undesirable traits. Secondary jobs are those that are primarily accessible to youth. The relative simplicity of many of these jobs precludes much in the way of extensive general on the job

training. It is more likely that most of the on the job training in such jobs will be of a specific nature and hence not readily transferrable. The employer's attitude that accepts high turnover is also likely to discourage on the job training. Similarly, the positive influence of customary law is likely to be mitigated due to the mutable nature of the work force. In such a high turnover workplace, customary law is likely to be heavily influenced by the customary laws of the external labor force or the community that supplies the workers. To the extent that absenteeism, tardiness, recalcitrance, etc., are traits of a secondary job workplace, those traits will be reinforced by exposure to that workplace. If employers have little ostensible economic incentive to reduce the proclivity in employees toward such work habits, it seems highly unlikely that employees would have any incentive to do so on their own.

Youth are likely to be particularly susceptible to such socialization. This must be considered to be undesirable in terms of increasing the opportunities for transition to a primary job where such traits are not customarily acceptable. The degree to which such socialization has positive or negative effects on future work habits depends partly on the nature of the secondary job.

Doeringer and Piore contend that the secondary labor market holds three kinds of secondary jobs.[32] The first is totally unstructured and has no connection to an internal labor market. Examples of such jobs would be domestic help, dishwashers or casual labor. Another sort of secondary job, like nurses' aide or orderly is likely to have low pay and/or unpleasant working conditions, but does have internal structure. Finally, some secondary jobs are attached to internal labor markets composed of primary jobs. Examples of such jobs would be those in a wood yard at a pulp and paper mill or temporary packaging lines in a light manufacturing plant. These sorts of jobs are often temporary or seasonal and are of the sort that may often be subcontracted

to secondary labor market employers (eg, temporary agencies). All of these secondary jobs enjoy wide ports of entry and due to the inherent high turnover, often lack the sort of recruitment and selection efforts that are necessary for the queue theory. Indeed, Doeringer and Piore contend that many secondary employers seem to hire almost indiscriminately from the secondary labor pool.

The dual labor market and queue theories may be meshed if one assumes that primary labor market employers hire from a queue composed of secondary labor market workers.[33] This assumption includes a tight labor market in which most primary labor employees are working and assumes that other methods, such as automation and subcontracting are economically undesirable. If the primary job pool is not expanding and/or if automation or subcontracting into the secondary labor pool is economically desirable, then the queue theory and the dual labor market theory no longer nicely fit. In this case, a dichotomous view of the labor market best explains its composition. That is, there are two distinct sorts of jobs and there are two distinct labor pools from which to draw upon to fill those jobs.

The following study should show that employment in the secondary labor pool is expanding more than employment in the primary job pool. Accordingly, I will assume a dual labor market perspective. It is also worth noting that the secondary job pool and labor force, regarding youth, might be viewed as a dichotomous secondary job and labor pool. That is, students and nonenrolled as the two labor pools and fulltime and parttime jobs in the secondary labor market as the two job pools.

Such a perspective must further disaggregate parttime jobs into jobs that fit with school schedules and demands and jobs that don't. This disaggregation is particularly important since there is convincing evidence that

indicates that school and work often do not mesh well for youth and that they act as substitutes.[34]

If policy dictates that education should be encouraged, another policy that fosters secondary employment substitution opportunities for the avowed purpose of work experience is silly. It is not certain if unemployment rates are generally higher for enrolled or nonenrolled youth cohorts. Using 1980 figures for the 16-24 year old age group, unemployment rates were roughly the same for students and nonenrolled (12.0% and 11.9%, respectively), while for blacks the enrolled experienced a slighly higher rate of unemployment than did the nonenrolled (respectively, 32.2% and 29.2%). Similarly, the employment to population ratios for white students was roughly 44% in 1980 and under 20% for black students, while the employment to population ratio for 16-24 year old white nonenrolled youth was roughly 70%, compared to 50% for black not enrolled youth.[35] To the extent that school and work are substitutes, the employment population ratios and unemployment rates for enrolled and not enrolled youth would appear to compel black students, particularly, to drop out of school. This conclusion is buttressed by the fact that the black student labor force participation rate as a percentage of the white student labor force participation rate was roughly 57% in 1980 while the corresponding ratio for nonenrolled black and white youth was 85%.[36] Coupled with the relative dropout rates for black and white youth, it appears that black students are especially susceptible to substituting work for school.

Where Are The Jobs?

In terms of general industrial and economic growth, the nation's economy has recently become a service economy. Employment in the consumer, financial and service industries surpassed that in the goods producing sector (manufacturing, mining and construction) in the winter or spring of 1982. This trend reflects

both a long term rise in the general service industries and very weak growth in manufacturing.[37]

Samuel Ehrenhart, a regional commissioner of the Bureau of Labor Statistics says, "A substantial proportion of the service-oriented job growth has been in professional, technical, managerial and administrative and problem solving sectors. By no means are they primarily in the low-pay end of the spectrum. They range from top-level professionals to clerical and maintenance work. But clerical work and computer operation today require more knowledge..."[38] It is in such occupations that primary labor growth occurred.

Although professional and technical occupations are diverse, they generally require a post secondary education.[39] In the main, this is also true of the managerial and administrative classifications, although this includes small business and government where private ownership or seniority may preclude the necessity for such education. It is worth noting that although BLS projects a decline for self employed managers, 1978 figures found that one out of every five managers was self employed.[40]

Clerical occupations account for more jobs than any of the twelve major job groups.[41] Part of the rapid past and projected growth in this occupational field is due to the fact that these jobs are becoming more diverse. Many clerical jobs are becoming more complex, require more knowledge and training, and so offer more compensation for more accomplished workers. It may be said that the clerical field now contains a primary and a secondary job pool. Although this has long been the case for blue collar workers, the nature of such pools in the blue collar field was due largely to organized labor. Although organized labor should not be ignored in the clerical field, the dual pool phenomenon now evident is more probably a result of the skills and training required.

Blue collar workers may be grouped into craft and kindred workers and

operatives. Accounting for more than half of craft workers are construction trade workers and mechanics. Other craft workers include printing trade workers and metalworking employees.[42] Construction growth is difficult to guage and has always been a boom or bust business. Growth in this area is particularly sensitive to economic fluctuation. Although youth have been able to access the primary job pool in construction trades, entry is usually achieved by working for residential builders who do not offer union benefits. With the experience gained in the residential sector, youth then offer primary employers their experience as entry currency. During down cycles, youth, the least experienced and senior, are generally the first to suffer layoffs. If construction does grow, growth will not be in the residential sector but as a result of business investment in the construction of new plants.[43] Such construction is usually union work and lack of seniority will hurt employment opportunities for new members. The drop in residential construction is very likley to severely constrict entry to the craft for youth wishing jobs in the field.

Occupational growth for mechanics is generally good, although auto body repairers and mechanics will not grow much faster than the average growth rate for all occupations. Opportunities for male youth have traditionally been good in this field, although work habits acquired in the secondary labor pool of neighborhood shops and service stations that are likely to hire youth are not always conducive to solid primary job attachment. Particularly high growth in the mechanical occupations should be in air conditioning, heating and refrigeration, aircraft and diesel mechanics, office machine and cash register servicers, radio and television repairers and data processing machine mechanics.[44]

It should also be noted that advances in printing technology will stymie growth in that field.[45] The plethora of small printing shops have traditionally offered youth secondary jobs but with the opportunity to learn skills that, like

residential construction, could lead to primary jobs or the chance to start their own business. This avenue is now closing.

More than 80% of the operative group worked at manufacturing jobs.[46] Growth for this group is sensitive to economic growth and consumer demand. In general, growth for this group will lag behind average occupational growth, although considerable variation will occur across this very broad field.

Service workers, more narrowly defined than "service" in "service" economy, amounted to 13.6% of total employment in 1978. Bureau of Labor Statistics projections show this percentage increasing to 35.5% by 1990.[47] Employment growth is expected to be particuarly rapid for food service occupations, health service occupations, childcare workers and welfare service aides. Only moderate increases are expected for barbers and cosmetologists,[48] occupations particularly attractive to female youth in spite of high turnover and a relatively short career span for those who remain in the field.

Salesworkers accounted for roughly 6.6% of total employment in 1978. Roughly half of those were employed in the retail trade. Other sales jobs were in finance, insurance and real estate. Sales jobs will grow at a rate greater than that for all occupations.[49]

Public sector employment will decline.[50] This is likely to have an adverse affect on minority employment, in general, and is also likely to reduce the transition efforts of public employment programs that have traditionally used public sector agencies as access points for primary jobs for youth or other disadvantaged.

Mining is the only goods producing sector for which the employment outlook is positive. Such a forecast assumes rapidly growing demand and a continuing of the trend toward capital intensive surface mines.[51] Surface mining will require a greater number of heavy, and other specific, equipment operators. Such equipment operation will require specialized training. This

industry is promising, but is rather area specific.

Where Are They Now?

Table 3.3 Industry, by Sex and School Enrollment Status (Percentage distribution)

Industry (% of total employment	High School Dropouts		High School Students		College Students		Nonenrolled HS graduates		Total		Total Labor Force Distribution in '79
	Fem.	Male	Fem.	Male	Fem.	Male	Fem.	Male	Fem.	Male	
Agriculture, Mining (5.0)	3.1	8.5	2.3	10.4	2.0	1.4	1.6	6.5	2.0	7.6	4.5%
Construction (4.9)	1.4	16.9	0.8	2.7	0.5	2.8	1.3	13.1	1.0	8.3	6.5%
Manufacturing durables (9.[illegible])	10.4	20.4	0.7	3.3	2.5	8.5	7.7	23.1	4.6	13.1	14.2%[52]
Manufacturing non durables (7.5)	15.0	7.3	4.1	10.4	4.6	4.9	7.9	7.8	6.7	8.3	9.2%[52]
Transportation communication (2.6)	1.9	4.6	0.4	1.0	1.4	3.0	3.6	4.9	1.9	3.1	5.7%
Wholesale trade (2.0)	0.7	3.7	0.6	1.9	0.9	3.3	1.9	3.0	1.2	2.7	3.8%
Retail trade (33.3)	36.0	17.9	42.5	41.5	37.0	32.4	30.7	23.6	36.4	30.7	16.4%
Finance Insurance real estate (4.1)	2.2	0.7	2.4	1.9	3.5	2.1	13.4	2.1	6.8	1.8	6.0%
Business, repair services (4.9)	1.9	10.5	1.8	5.5	0.5	8.7	3.3	7.1	2.2	7.3	4.3%[53]
Personal services (8.7)	13.5	3.0	28.8	7.6	4.9	5.0	4.1	1.2	13.6	4.5	3.9%
Entertainment, recreation services (2.[illegible])	0.8	1.2	2.2	3.9	2.3	3.5	1.0	1.3	1.6	2.6	1.0%
Professional related services (13.4)	11.3	3.4	12.1	8.1	37.3	22.9	20.3	3.8	19.6	8.0	19.4%
Public admin. (2.1)	1.8	1.7	1.2	1.8	2.6	1.5	3.3	2.6	2.3	2.0	5.2%
Total percent	100	100	100	100	100	100	100	100	100	100	

UNIVERSE: Civilians age 14-21 on January 1, 1979 who were employed on the interview date. (N=16,560,000) All other total labor force distribution numbers are from Table #658 in The Statistical Abstract of the United States, 1981, p. 390.

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The preceeding table comes from Findings of the National Longitudinal Survey of Youth Americans, 1979. This report is one of the Youth Knowledge Development Report products funded under the Youth Employment and Demonstration Projects Act of 1977. The data are based on interviews with 12,693 youth who were between the ages of 14-21 on January 1, 1979. The respondents were selected to provide a nationally representative sample, although there was oversampling of minority and poor youth. The data offered on the chart compare fairly closely to extrapolations conducted from applicable BLS data and other sources.[54] I have chosen to use the chart because of its student (college and high school) breakdown and because of the nonenrolled (dropouts and graduates) breakdown, as well as because any deviations from the universe are likely to be due to the minority and poor oversampling. To the extent that such deviations exist, they should tend to illuminate situations specific to these groups. Sources for the total labor force distribution on the right hand side of the table are as noted below.

Although youth participation in manufacturing is not greater than that for the general labor force, participation rates for male high school graduates and dropouts are higher in manufacturing than for the general labor force. Accordingly, I have included manufacturing with those industries that show a greater participation rate for youth than for the general labor force. Those industries are: agriculture, mining; retail trade; business, repair services; personal services; and entertainment and recreation services. Agriculture, mining is not included in the following discussion since mining is relatively area specific and because jobs in agriculture are expected to decline.

1) Manufacturing -- Although manufacturing jobs increased only .05% a year between 1969 and 1979, they decreased as a proportion of total jobs from 23.7% to 20.6% during the same period.[55] However, this sector of the economy has traditionally played an important role in youth employment. This role features the employment of not enrolled high school graduates and dropouts, particularly males and especially nonwhite males.

Figures for not enrolled male youth participation in durable manufacturing are similar to their rate of participation in the retail industry and they are more than twice as likely to be employed in this industry group than females. Although male youth are also more likely to be employed in nondurable manufacturing than female, female high school dropouts are the participatory leader in this industrial group.

2) The Retail Trade -- roughly a third of all youth are employed in this industry grouping and almost half of those youth are working in eating and drinking places.[56] Enrolled youth are more likely to be employed in the retail business than nonstudents and females are more likely found here than males. Male high school dropouts and not enrolled high school graduates are the least likely to be employed in this trade. The nonsupervisory worker average workweek fell below 31 hours in 1979.[57] Most of these jobs are parttime.

3) Personal services -- this industrial group accounts for almost 9% of the 16-21 year old youth employment. Female youth are three times as likely to work here as male youth. Female high school students and dropouts constitute the bulk of the employed youth in this field. To a large degree, employment in this group means laundry, cosmetology and housework (including child care).[58] The nonsupervisory workweek is below 33 hours per week. Most of these jobs are parttime.[59]

4) Business Repair Services -- although this group accounts for under 5% of the cohort, it is important to note that over 10% of male high school dropouts and over 7% of male nonenrolled high school graduates are employed here. Overall, males are over three times as likely as females to be employed in this group. The average workweek for business services is more than parttime employment (below 35 hours per week) if one excludes "services to buildings." Repair services employment also averages more than 35 hours per week for nonsupervisory workers.[60] These jobs are generally fulltime jobs.

5) Entertainment, recreation services -- this division accounts for only 2.2% of the cohort and features student employment. Males are more likely than females to be employed here. Much of this employment is likely to be summer employment or in movie theaters. These are generally parttime jobs.

Bureau of Labor Statistics projections predict a .8% annual growth for manufacturing jobs between 1979 and 1990. This projected upswing in manufacturing is due to an anticipated growth in durable goods that assumes high consumer demand. Rapid employment growth in the durable goods sector is expected in industries manufacturing typwriters and other office equipment, computers, electric lighting and wiring equipment and medical and dental equipment.[61]

The nondurable goods sector is projected to grow very slightly between 1979 and 1990, although this represents improvement over the zero growth this sector experienced between 1969 and 1979. The nondurable goods sector's share of all jobs was 8.1% in 1979 and is projected to drop to 7.3% in 1990.[62]

The following list offers some of those industries selected by the Department of Commerce that have been (1972-1978) and are projected to be (1979-1985) rapid growth industries. These industries were selected due to their past and projected constant dollar value of shipments. An industry must grow at least twice as fast as the aggregate manufacturing economy to be defined

as a rapid growth industry (i.e., a growth rate of 6.4% or more).[63]

TABLE #4 RAPID GROWTH INDUSTRIES[53]

Ranking on the list		Compound Average Annual Growth Rate 1972-78	1979-85
1	o Semiconductors and related services -- a member of the subgroup electronic components and accessories of the group electric and electronic equipment.	19.1	20.7
2	o X-Ray apparatus and tubes -- a member of the subgroup miscellaneous electrical equipment and supplies of the group electric and electronic equipment.	19.1	6.5
3	o Optical instruments and lenses -- a member of the subgroup optical instruments and lenses of the group instruments and related products.	18.4	13.8
4	o Electronic computing equipment -- a member of the subgroup office and computing machines of the group machinery, except electrical.	17.0	15.0
6	o Calculating and accounting machinery -- a member of the subgroup office and computing machines of the group machinery, except electrical.	13.6	10.0
9	o Oilfield machinery -- a member of the subgroup construction and related machinery of the group machinery, except electrical.	12.2	8.4
19	o Pickles, sauces, salad dressings -- a member of the subgroup preserved fruits and vegetables of the group food and kindred products.	8.9	6.7

NB. The industrial groups and subgroups are the two and three digit standard industrial classification codes within which these four digit industries fall.

As should be evident, these rapid growth industrial leaders correlate closely with the more general manufacturing industries identified earlier as rapid job gainers. Accordingly, an examination of some specific rapidly developing industries is likely to reveal some salient aspects of employment growth in the manufacturing sector. A comparison of turnover and production worker pay rates are included in Appendix A. Generally, however, these industries are relatively low pay and low turnover industries. The latter

fact suggests primary job characteristics. The former fact may be attributed to the high probability that additions to the lower end of the pay spectrum is typical of rapid growth industries and lowers average wages. Advanced positions in these industries are likely to pay higher wages than manufacturing as a whole.[64] These industries also exhibit productivity levels more than twice as great as manufacturing industries overall[65] -- another primary job characteristic.

Stimulation of these industries would most likely assist in the alleviation of the youth unemployment problem, if the industries were where the youth were. The meshing of future growth in manufacturing and the youth labor force is necessary if either are to gain from the other. Presently this is not the case[66] and there is little reason to believe that monetary expansion or similar fiscal policies will promote such a fit.

The sizeable difference between youth, especially student, and general labor force participation in the retail industry compels careful consideration of the influence of such jobs on the youth unemployment situation. General stimulation of this industry appears unlikely to address the stubborn core of the problem: male high school graduates and male nonenrolled youth. General skill training and advancement possibilities seem limited in this field, although the nature of the establishment is the governing factor. Rapidly growing businesses, such as hardware stores or certain "big ticket" item outlets, may hold advancement or transferrable skill potential. Competition for advanced positions in such businesses is likely to be keen, however, due to the sizeable proportion of older workers with experience.

In general, jobs in the retail trade are likely to be parttime secondary labor market jobs. Accordingly, their value must be measured in terms of work experience and as student employment. It will be the nature of the establishment that dictates the value of work experience. In terms of student employment, the key is to what extent these jobs tend to draw youth

out of school. There is presently little incentive for employers to cater to school schedules or demands. The burden of fitting work schedules to educational demands rests with the working youth. Past experience with the problem of influencing youth to weigh their potential income flow against their present income suggests that many youth will opt to secure present earnings in the event of a school/work conflict. Accordingly, it does not seem that general stimulation of a sector that does not employ appreciable numbers of the group most affected by youth unemployment and that holds high potential for drawing youth out of school is a productive method of addressing the youth unemployment problem.

Skills learned in the personal services group are likely to be more general than is usually the case in the retail industry. However, the probability of advancement is likely to be even more limited due to the usually small size of the establishments. Advancement generally takes the form of self employment. The demand for personal services is growing and businesses such as housework or child care are not likely to require much initial capital. Nonetheless, the number of successful small business that demand will allow is limited. Nonsupervisory workers face low wages.[67] In general, jobs in this industry must be considered secondary jobs of the sort that have no connection to an internal labor market. Accordingly, the value of work experience is likely to be more often of a counterproductive nature than a positive experience. A policy that fosters general stimulation of this industry, as with the retail industry, misses the most needy cohort of unemployed youth and seems likely to do little in the way of encouraging school retention or those work habits associated with primary jobs or internal labor markets.

Stimulation of the business and repair services industry group appears more sanguine. This industry does employ male nonenrolled and male high

school graduate youth. Of more import is the relatively high probability of advancement and on the job training potential in this group. Government training programs for auto mechanics have met with success in the past. Data processing machine and office machine servicers are rapidly growing occupations that fall into this field. These are the sorts of occupations that customarily entail general, transferrable on the job training. Although employment in this industrial group would appear to do little for student employment, general stimulation of the economy would likely have beneficial effects on youth unemployment in this area. It is not apparent, however, that much of the bang from a buck produced from monetary expansion or similar fiscal policies will get to an industry group that provides less than 5% of total employment.

Although the professional and related services industry does not employ proportionately more youth than adults, youth employment is appreciable in this industry group. It should be noted, however, that the exclusion of college student participation drops youth involvement in this group consideraoly and that females are more than twice as likely to be employed in this industry than male youth.

It is likely that a good number of these jobs are clerical positions. Insofar as these jobs may provide access to primary labor market establishments, even on a parttime basis, they are likely to promote successful transition to fulltime primary labor market jobs. Accordingly, such jobs are appropriate targets for policy and one can assume that expansion of such positions will beneficially influence youth employment. Such promise must be tempered by the probability that competition will be keen from college students who will push out many of those youth who presently bear a disproportionate share of youth unemployment. Excepting these jobs with primary labor market employers, it is likely that many of these positions are routinized, secondary labor

market jobs. The movement toward temporary help agencies exacerbates this situation, although it may also hold a key for change. To the extent that such agencies may be influenced to become primary employers or be encouraged to provide entry ports to primary employers, they can act as agents for the alleviation of youth employment. It is not presently in their interest to do so, however. An expanding economy alone should only increase their secondary market behavior.

In terms of where youth are presently employed, it is not apparent that general expansion is likely to have a beneficial effect on the youth unemployment problem. It seems more likely that general expansion will continue to engender employment not traditional or suitable (i.e., fulltime) for male nonenrolled or male high school graduate youth. It also seems likely that more growth in secondary, parttime jobs will not decrease the rate of high school dropouts or increase the elusive value of work experience.

High Growth Jobs

TABLE #5[68] RAPID GROWTH OCCUPATIONS* 1978-1990

	Percent of Employment Growth 1978-1990	Employment Growth in thousands 1978-1990
Data processing machine mechanics	147.6%	93
Paralegal personnel	132.4%	38
Computer systems analysis	107.8%	199
Computer operators	87.9%	148
Office machine and cash register servicers	80.8%	40
Computer programmers	73.6%	150
Aero astronautic engineers	70.4%	41
Food preparation and service workers fast food restaurants	68.8%	492
Employment interviewers	66.6%	35
Tax preparers	64.5%	18
Correction officials and jailers	60.3%	57
Architects	60.2%	40
Dental hygienists	57.9%	31
Physical therapists	57.6%	18
Dental assistants	57.5%	70
Peripheral EDP equipment operators	57.3%	26
Child care attendants	56.3%	28
Veterinarians	56.1%	17
Travel agents and accommodations appraisers	55.6%	25
Nurse's aides and orderlies	54.6%	594

*Overall, 23%

The Bureau of Labor Statistics cites those occupations on the preceeding table as those which are the most likely to grow the most rapidly between 1978 and 1980.[69] It is reasonable to assume that this already salubrious forecast would not be much changed in composition by an economy "pumped up" with fiscal and monetary stimulative policies. Indeed, the most sanguine of the three proffered alternatives replaces only correction officials and jailers, dental hygienists and dental assistants with real estate sales agents and representatives, dental laboratory technicians and security sales agents and representatives. Such changes are unlikely to have much affect on the youth unemployment situation.

Consideration of the high growth list suggests that youth without specialized training are likely to have easy access to only three of these occupations: 1) food preparation and service workers, fast food restaurants 2) child care attendants and 3) nurses' aides and orderlies. It should be noted that these occupations are secondary type jobs. They also tend to be parttime jobs although this is less likely to be the case for nurses' aides and orderlies and for some child care workers than for fast food workers. The average hourly workweek for childcare workers and nurses' aides and orderlies will depend upon the establishment. Industrial group averages for both occupations are around 30 hours per week.[70] To the extent that child care work fits with school and may lead to self employment, it may be the most promising of this unpromising group. Pessimism may feed on the fact that these jobs are not particularly likely to employ males, nor are they likely to be overrepresented in central cities. They are jobs most likely found in and most likley to grow in the suburbs where youth unemployment rates are the best of a bad lot.

It must also be noted that these occupations are particularly suitable

for the sizeable number of older post war baby boom women who are moving back into the labor force to supplement family incomes.[71] The 25 to 34 year old married mother proportion in the labor force grew from 36% to 49% between 1970 and 1978.[72] Child care is the forte of such women who wish to care for their own children while increasing family earnings. The daycare cottage industry is booming. Additionally, the ability of this group to work during school hours (while their kids may be in school) also offers a competitive edge for many food service positions. This addition to the labor force also makes competition in the occupation of nurses' aides and orderlies even more acute, as will be shown later.

More promising, in certain respects, are the occupations of computer operator and EDP peripheral equipment operator. Although these jobs are likely to require a high school diploma, they are also likely to be highly represented in central cities where youth unemployment is most severe. Although these jobs offer little opportunity for advancement, on the job training is common and the chance to learn how to operate new office machines is good. The ability of youth to relatively easily master such tasks may be exploited in this area. This occupational group is particularly subject to parttime employment, but the chance to learn on the job should offer occupational security if not fulltime status with the same employer. Again, to the extent that temporary agencies may be encouraged to take on the characteristics of primary employers the better the prospects will be for youth in this field.

Most promising are the fields of data processing machine mechanics and office machine and cash register servicers. These occupations are prevalent in central cities, pay well and offer advancement opportunities. Moreover, these occupations are typically male (data processing mechanics 90% so).[73] Optimism's anchor in this area is that specialized math or electronic training is a most likely prerequisite for the relatively extensive (6 mos to 2 years)

training required. In short, the human capital investment is high and employers are consequently selective. It also seems reasonable that competition from adult workers will be keen in this well paid and very rapidly growing field.

Jobs That Will Grow The Most By Number Employed

TABLE #6[74] JOBS THAT WILL GROW THE MOST BY NUMBERS[75]

	Employment Growth in thousands 1978-1990	Percent of Employment Growth 1978-1990
Janitors and sextons	671.2	26%
Nurse's aides and orderlies	594.0	55%
Sales clerks	590.7	21%
Cashiers	545.5	36%
Waiters/Waitresses	531.9	35%
General clerks/office	529.8	23%
Professional nurses	515.8	50%
Food prep and service workers Fast food restaurants	491.9	69%
Secretaries	487.8	23%
Truck drivers	437.6	26%
Kitchen helpers	300.6	39%
Elementary schoolteachers	272.8	21%
Typists	262.1	26%
Accountants and auditors	254.2	33%
Helpers, trades	232.5	25%
Blue collar supervisors	221.1	17%
Bookkeepers, hand	219.7	24%
LPN's	215.6	44%
Guards and doorkeepers	209.9	36%
Automotive mechanics	205.3	24%

The preceeding table lists those occupations which the Bureau of Labor Statistics projects will grow the most in terms of sheer numbers of jobs. Unlike the list of most rapidly growing occupations, this list appears to hold jobs for youth. Considering their relative merits in those terms, I have chosen several of these occupations for a closer look.

One third of the 2.3 million people that worked as building custodians in 1978, worked part time. Future openings are very likely to be plentiful for those seeking evening or part-time work.[76] This suggests that these jobs

may have value for students. Custodial jobs are also concentrated in high population areas and so central cities. Although the occupation does not have demanding entry requirements, it does not offer much hope for advancement. Advancement possibilities are essentially limited to a paucity of supervisorial opportunities or starting one's own business. Occupations with similar job duties and skills are: trash collectors, floor waxers, sweepers, window cleaners, private household workers, gardeners, boiler tenders, hotel housekeepers and pest controllers.[77] In short, the transferrable skills acquired in this occupation do not appear to be of the sort that are likely to foster transition to generally higher paying, stable jobs. Exceptions to this will be in instances where related occupations are union organized. However, since the skills learned in the occupation are likely to be of a specific sort, mere experience seems unlikely to have much to do with union entry. Accordingly, there is little reason to believe that secondary labor market experience, unlike in construction, offers much advantage in a transition to primary job attachment.

There are presently a plethora of both in and out of school training programs for building custodians.[78] Except where these programs offer union entry or foster the acquisition of parttime positions that fit with school schedules, they would appear to be counterproductive. That is, they would seem to lock individuals into a dead end secondary job or to encourage secondary work as an educational substitute. Insofar as such programs offer union entry or positions that fit with school schedules, it would be appropriate for policy to foster such programs. Otherwise, appropriate policy should be to discourage, or at least not to encourage, these programs.

Another service occupation that is likely to be found in central cities is that of guards and doorkeepers. These jobs usually require a high school diploma and very often require experience. As with building custodians, future openings are projected to the best for the night shift. The general

field offers good opportunity for advancement, particularly if additional training is obtained.[79] The general field is rapidly growing.[80] Advancing technology will replace many jobs, but individuals with general training in the field and supplemental training in the use and monitoring of electronic surveillance and protection devices are likely to be employable in jobs that offer good pay and stability. The Occupational Outlook Handbook lists related occupations as: bailiffs, border guards, bouncers, deputy sheriffs, fish and game wardens, house or store detectives, life guards and private eyes.

The general clerical field very often requires a high school diploma with good verbal skills or vocational training experience. One out of five general clerical workers works parttime.[81] That seems likely to increase given the surge in business' use of temporary clerical help agencies. As noted, changing the nature of temporary clerical agencies can go a long way toward improving the present secondary nature of much of this employment and opening the doors to primary employment. However, if policy takes a laissez faire or simple expansionary attitude in this field, the high turnover, low pay characteristics of many clerical occupations is likely to persist. Conversely, the encouragement of training programs that offer upwardly mobile skills is likely to lead to higher earnings and greater employment stability for clerical workers.

A step up the clerical ladder from general office clerk is secretary. This is an important step since it is an occupation usually attached to a specific employer. Roughly two thirds of the secretaries employed in 1978 worked in banks, insurance companies, real estate firms and other establishments providing services to the public.[82] Depending upon the size and nature of the establishment, advancement opportunities are present. The key to future marketability in this field will likely be the acquisition of skills related to the use of new office machines.[83] Occupations with skills and

job duties related to the occupation of secretary include: bookkeeper, receptionist, office manager, personnel clerks, typists, administrative assistants, medical assistants, legal assistants, paperwork processors and information recorders.[84]

Secretaries constitute one fifth of the clerical workers. One out of 100 secretaries is male. The proportion of women in several traditional female occupations continues to grow.[85] This seems likely to be the case for nurses' aides and orderlies. It also appears probable that nurses' aides and orderlies jobs will be increasingly filled by individuals in their mid-twenties or older and that those jobs will be moving away from central cities.

Advancement in the nurses' aides and orderly occupation is generally limited to licensed practical nurse and technical jobs (e.g., operating room technician).[86] It is important to note that most of the new nurses' aides and orderly openings will not, as in the past, be in hospitals. Rather, they will be in nursing homes, convalescent homes and other long term care facilities. In the National Industry--Occupation Employment Matrix, 1970, 1978 and projected 1990 (a Bureau of Labor Statistics publication), the proportion of nurses' aides and orderlies employed in hospitals is expected to drop from its 64.18% figure of 1978 to 43.69% by 1990. This same source projects a corresponding increase in the number of nurses' aides and orderlies in convalescent institutions from 29.81% to 49.23% in the same time period. Convalescent institutions prefer their nurses' aides and orderlies to be in their mid twenties or older.[87] Such facilities are also usually found out of cities. Accordingly, this occupation that shows both large numbers of employee growth and high rapid growth is likely to see a relative downturn in both youth and urban employment.

This is particularly significant as medical and health services is one of the more promising service industries in the growing service economy. Moreover,

the nurses' aide and orderly occupation is often attached to internal labor market workplaces that could offer in house training and subsequent upward mobility, particularly if further employer incentives were offered. Such training would likely increase the competitive advantage of youth to older female workers and would likely stimulate male participation in this primarily female field. Occupations with related skills and job duties are: child care attendants, companions, occupational therapy aides, caretakers, central supply workers and cook's helpers.[88]

If it is true that retail businesses are fleeing the cities for the suburbs and malls, then sales clerks must be following suit. The sales clerk occupation has openings of around 225,000 annually and two thirds of those openings are due to replacement.[89] Opportunities for advancement vary considerably with the size and nature of the establishment. Knowledge of the commodity being sold and selling skills are the most important qualifications. Although these jobs are often easily accessed by youth, youth face stiff competition from older workers with experience in "big ticket" (and so big commission) items.

To the extent that these jobs fit school schedules and demands, they have high value in alleviating the youth unemployment problem. In terms of fulltime employment, the outlook is not generally good. The related occupation of cashier is somewhat more promising.

Almost 90% of cashiers are women.[90] One cashier in four is a student and almost half work parttime. Most cashiers work in supermarkets and other foodstores.[91] Advancement opportunities tend to be limited; although the specific establishment dictates this to some extent. Turnover in this occupation is high and the widespread adoption of automated checkout systems is most likely to slow growth to levels below those projected by BLS forecasting methods. Occupations with similar skills are: bank tellers, ticket sellers

post office clerks, toll collectors and sales clerks.[92]

To the extent that these jobs may complement school they are worth encouraging. Moreover, the shift to automation, coupled with unionization in the major chains, suggests that many of these jobs will be moving into the primary labor market. Accordingly, growth in this field appears to hold promise and it seems likely that the encouragement of aggregate growth in the occupation, coupled with the fostering of either in house or formal training programs would yield positive affects on youth unemployment. This optimism must be viewed in light of the simultaneous shift to increasing parttime employment, the fact that both sales clerks and cashiers jobs are generally moving out of central city areas and that these jobs are particularly suitable to older adult females that are entering or reentering the labor force. It is also worth noting that fast food establishments often use several cashiers and that the recent growth of this industry accounted for much of the increase in parttime cashier jobs, as well as more than doubling the number of cashiers working in restaurants.[93]

Most of the 714,000 workers in the food preparation and service workers, fast food restaurant occupation in 1978 were parttime workers.[94] Entry level requirements are not demanding and these are traditionally jobs for youth and adult women supplementing the family income.[95] Turnover is high, largely because of the many students who are employed in this occupation. Opportunities for advancement are limited. Most fast food establishments are franchises and so require substantial capital to get started. They are not the sort of small business that entrepeneurial youth are likely to be involved in starting. On the job training in this field is specific in that it is likely to relate only to fast food enterprises. Some transferrability is possible regarding institutional food preparation or to some similar high volume businesses. Occupations with similar skills and job duties are sales clerks, waiters and waitresses,

car hops and bartenders.

Aggregate employment growth will very probably see a rapid expansion in this occupation. Their value in terms of the youth unemployment problem should be as student jobs. To the extent that they interfere with education, they should very probably be discouraged.

The BLS projections offered in this paper use the low trend alternative that assumes unemployment rates running from 7.1% in 1980 to 6% by 1990.[96] The low trend alternative also assumes real GNP average growth of 2.5% a year (similar to the 1970s) and a component of demand for producer's durable equipment that will increase 4.7% annually.[97] These seem to be relatively sanguine assumptions. The most positive high trend alternative assumes a 5.5% unemployment rate by 1985 and a 4% unemployment rate by 1990.[98] Corresponding GNP annual growth rate and component of demand for producer's durable equipment are 3.9%(similar to the late 1950s and the 1960s) and 8%. If we use, as very rough indicators, the Bureau of Labor Statistics list of occupations designed to grow the most rapidly and those projected to grow the most in terms of sheer numbers as primary versus secondary job measures, there is no reason to believe that mere economic expansion will appreciably affect the primary to secondary job ratio.

TABLE #7:[99] PERCENTAGE OF TOTAL EMPLOYMENT PROVIDED BY:

	1978	Low Growth 1990	High Growth 1990
1) All rapid gainers	3.2%	4.4%	4.4%
2) Top 10 rapid gainers	1.6%	2.3%	2.4%
3) All rapid gainers backing out food prep, fast food workers	2.5%	3.4%	3.4%
4) All rapid gainers, backing out food prep, fast food workers and nurses' aides and orderlies	1.4%	2.0%	2.0%
1) All greatest growers by sheer numbers	27.0%	29.0%	28.0%
2) Top 10 greatest growers by sheer numbers	18.0%	19.0%	19.0%

Such a comparison seems conservative unless one assumes that over two thirds of those jobs not included in either of the lists are primary jobs and are growing at least as quickly as the remaining secondary jobs or unless one assumes that the salubrious Humphrey-Hawkins mandated factors that the Bureau of Labor Statistics must include in its projections have effects dramatically different than those incurred by aggregate monetary expansion or similar fiscal policies. Neither of these assumptions seem plausible. The first must find its numbers in the declining manufacturing sector and the second is highly unlikely.

It seems that the best one might expect from an economy untended or fueled by aggregate monetary expansion or similar fiscal tinkering would be only a mild increase in the secondary to primary job ratio while the worst would be some greater growth in that same ratio. If the best does something less than maintain the status quo regarding youth unemployment (which is a deteriorating situation), then even the best is poor policy for addressing the youth unemployment problem.

The status quo does not suffer from a lack of secondary jobs. There would be no immigration problem or well-fingered help wanted ads in fast food establishments if it did. In terms of the youth unemployment problem, the status quo suffers from an adequate number of jobs that offer the promise of future increased earnings in terms of opportunity for training, advancement up a seniority pay scale or the ability to continue one's education. Moreover, the status quo, regarding youth unemployment, suffers from not having such jobs where they are the most needed. Even if one ignores the inflationary ramifications of addressing youth unemployment with a policy of monetary expansion or similar fiscal stimulation, a policy so predicated is likely to fail simply because it misses the point. More importantly, it will also very probably entail appreciably counterproductive effects.

If we return to the four points that constitute the youth unemployment problem offered at the beginning of this paper, it seems quite credible to submit that dead end or secondary jobs are not a lot different than no jobs. The prospect of spending one's life behind a Burger King counter is unlikely to stem cynicism for a society that cannot provide meaningful or gainful employment to those who need it, raise the value of an education or increase long range earnings or productivity. The job at Burger King mitigates these issues only as far as it may be viewed as a step on an income increasing ladder. This is the carrot that will draw youth away from the greater short term profits of illegal activities. Moreover, if mere economic expansion increases employment along the path of recent occupational and geographical trends, there is every reason to believe that both the secondary jobs and those primary jobs that are created will be created away from those central cities where the inequity of youth unemployment is most manifest. Conversely, there is no apparent reason to believe that the growing adult female participation in the labor force, and in both secondary and entry level primary jobs, will be anything but encouraged by a policy of monetary expansion or similar fiscal manipulation designed to increase the general demand for labor. It is most reasonable to assume that a disproportionate number of entry level primary jobs (e.g., clerical) will go to adult females rather than youth. Such is the order of these groups in the general hiring queue.

If the inflationary ramifications of a monetarily or similarly fiscally stimulated economy are considered, such a policy is likely to be particularly counterproductive. Black teen and young adult unemployment drops dramatically during recessions and fails to bounce back during recovery.[100] Insofar as such a policy is inflationary and contributes to the compression or extent of such cyclical activity, it is most likely to widen the unemployment gap between white and nonwhite youth. To the extent that a simple expansionary policy

further accelerates the ongoing deterioration, it may be said to add to the problem that much more. The problem of job creation for youth is more complex and more specific than solution by such general policies as monetary expansion or similar fiscal policies will allow.

What Has Been Done?

Programmatic approaches to the youth unemployment problem have taken a number of different tacks. The variety has been largely because of experimentation and because different programs have targeted different aspects of the problem. Although this paper's concern is with job creation and youth, it is useful to review the common tools that youth employment and training efforts have used.

The primary tools that youth employment and training programs use have not much changed in recent decades, although they have been honed to different shapes in specific cases. The list that follows was compiled by Garth Mangum and John Walsh,[102] with some additions and elaborations of my own.

1) Outreach and Assessment: Outreach efforts attempt to involve youth who would not otherwise apply for the program. Assessment efforts attempt to identify the specific services required for individual participants.

2) Subsidized Public Employment:
   a) Work Experience
   b) Public Service Employment: Jobs not otherwise funded that supplement the activities of the user agency.

3) Subsidized Private Employment: Enticements to employers to hire employees that they would not have otherwise.

4) Training
   a) Institutional Training
      1) life and work coping classes
      2) career and skill exploration
      3) skills training: training in specific occupations or general occupational categories
      4) remedial education
   b) On the Job Training (OJT)
      1) pure OJT: includes training on-the-job. May be subsidized, public or private sector. Mostly in the private sector, with subsidization taking the form of reimbursement for training and related expenses, usually with a commitment to hire at the end of the training period.
      2) work education: OJT and classroom training couplings.
         a) cooperative education: vocational education programs for in-school students. Using supervised agreements between employers and schools, OJT and classroom instruction is combined. A special coordinator is designated for these programs.

b) work study: vocational education programs for in-school needy students that provide employment in both the public and private sectors.
c) coupled OJT: OJT for out of school youth, coupled with related institutional training.

5) Counseling

6) Supportive Services: Medical, dental, legal, child care, transportation, etc.,-assistance to remove employment or training barriers.

7) Placement Services: Job matching and developing or training referral.

8) Job Search

It should be noted that when on the job training is used in the private sector and when reimbursement is involved, it may be viewed as subsidized private employment. Similarly, when on the job training is used in the public sector and reimbursement is involved, it may be viewed as subsidized public employment.

Work Experience:

Probably the most prevalent job creation program for youth is work experience.[103] Indeed, excepting counseling and placement services, it is likely the most common employment and training tool used to address the youth unemployment problem. Like most of those tools, the concept's success depends substantially upon implementation.

The Neighborhood Youth Corps' in-school program used work experience in the public sector, along with counseling, career motivation and supportive services to foster educational attachment for youth in urban areas. One evaluation of this program stated that "The improved attitudes toward work reported by the Neighborhood Youth Corps (NYC) participants and the actual evidence of labor market benefits may have facilitated the transition from school to work for some even before their graduation."[104] This was certainly not the intent of the program. However, another, later NYC in-school program used

work experience along with counselling in a program designating work experience sites in the private sector. The program was entitled Vocational Exploration in the Private Sector, or VEPS. Participants were economically disadvantaged and were chosen by school counsellors as probable dropouts. NYC monies paid for part of the participants' training and employers paid a portion. This was done in "phases" rather than as a long-term cost sharing arrangement. The initial phases were funded by NYC. This program worked. It is worth noting that the participating private employers were carefully chosen on the basis of "a demonstrated interest in training and employing in-school youth," and were required to designate personnel to work with the youth and a company coordinator to work with school officials.[105] It is most probable that the success of this program was largely due to the involvement and commitment of the employers. CETA work experience programs have experienced similar mixed results. That is, work experience works well with some user agencies and is disappointing with others. At best, work experience fosters good work habits and exposure to a primary workplace. Counterproductive results may range from exposure to bad work habits to leaving school. CETA Title II work experience is often used as a "holding program" while OJT or classroom training positions are being developed. Its value in these situations must be differentiated from its attitudinal goal of instilling good work habits. Recent CETA IIB expenditure trends show that expenditures for work experience are decreasing as a proportion of CETA IIB appropriations. In general, work experience is restricted to relatively brief employment attachments (e.g., six months maximum) and generally pays the participant the federal minimum wage. These two cost factors cause it to be less expensive per person than public service employment.

The Comprehensive Employment Training Act (CETA):

Public service employment recently blossomed and withered under CETA. It is worth noting that CETA appealed to employment and training theorists because it represented a change in the targeting and delivery method of program operations. Although the Department of Labor provides program guidelines; local planning, prioritizing and delivery are the hallmarks of this legislation. As the most visible local level manifestation of CETA, public service employment programs most probably engendered much of the public outcry that CETA has attracted.

Under CETA, public service employment was of two sorts. The first (most recently Title IID) was designed to address structural unemployment. The second (most recently Title VI) was countercyclical. In Fiscal Year 1980, 36.1% of Title IID participants were under 22 years of age, while 24% of Title VI participants were under 22 years of age.[106] Almost a third of the participants in each program were high school dropouts. Slightly over half of the participants in both programs were white, roughly a third black, and just over 12% Hispanic.[107]

Title IID and Title VI, as public service employment programs, necessarily placed participants in public or private nonprofit agencies. There is considerable evidence to indicate that public service employment of this nature entails a high degree of substitution. That is, individuals hired under the auspices of public service employment are individuals that either would have been hired anyway or replaced employees that would have been retained in the absence of public service employment programs. Although few studies have been done, fiscal substitution rates range from none in the early stages of a public service employment program to close to 100% after the program has been operating for some time. Particular figures aside, there is agreement

that substitution increases the longer a public service employment program operates.[108] This is only natural and one can easily understand the incentives a given agency would have to engage in substitution. To the extent that substitution exists, public service employment expenditures may be viewed as redistributive revenue sharing. In any case, public service employment expenditures can justifiably be viewed as an employment subsidy for the public and private nonprofit sectors. Since CETA public service employment program participants are more skilled than those who are in CETA training programs, it may be said that CETA public service employment programs, in the main, were subsidized employment for fairly skilled workers.[109] To the extent that policy attempts to address a countercyclical employment situation, such programs may serve desired ends. As an approach to structural unemployment, CETA public service employment mainly missed the point. However, when used as the acme of a longitudinal structural unemployment employment and training approach, public service employment does offer direct access to a primary labor market for the structurally unemployed. This was the legislative intent in CETA Title IID. There is little reason to believe that Title IID accomplished its goal.

From an administrative perspective, Title IID more closely resembled Title VI than it did Titles IIB/C (the principal CETA training titles), although it was designed as an adjunct to the training programs. The CETA reauthorization of 1978's answer to the substitution problem was to tighten regulation and enforcement and to encourage short-term project employment. Loopholes and circumvention tactics discovered and utilized by user agencies for countercyclical (CETA Title VI) public service employment programs were naturally employed by user agencies also using structural (CETA Title IID) public service employment participants. Such a systemic inclination was

appreciably enhanced by the fact that a great number of service deliverers administered CETA Title IID and CETA Title VI similarly, while administering Titles IIB/C differently than the CETA public service employment programs. For example, the Washington State balance of state prime sponsor's official policy in the late 1970s was to house CETA Title IIB/C services in a location physically separate from that housing the combined CETA Title VI and IID public service employment programs. Such policies were most likely to encourage user agencies that already had a vested interest in so doing to treat public service employment programs as one entity in spite of the programs' ostensibly different purposes.

Consideration of public service employment programs for job creation necessitates answering the question: Is the problem countercyclical or structural? If the problem to be attacked is countercyclical unemployment, then public service employment must be measured in terms of its value to society relative to the value to society that will be produced by a similar expenditure or loss of revenue effort directed to the private sector in the form of subsidized employment. If the problem is structural employment, then the value of public service employment must be measured in terms of its ability to transition individuals into primary jobs. In the face of public sector cutbacks, direct transition possibilities cannot be considered promising. This does not mean that structural public service employment does not have value in terms of on the job training or work experience, but that its value must be viewed essentially in those terms.

The following table shows termination rates for Titles IID and VI for Fiscal Years 1978-1980. Given the relatively skilled nature of most public service employment jobs, one can reasonably assume that entered employment rates for those under 22 are lower than for participants in general.[110]

Individuals Served, Terminations, and Job Entries,

CETA Title IID and Title VI, Fiscal 1978-1980[111]

(Numbers in Thousands)

	Title IID			Title VI		
	1978	1979	1980	1978	1979	1980
Terminations	100%	100%	100%	100%	100%	100%
Entered Employment[d]	45	47	35	33	36	35
Direct Placement[e]	1	f	f	f	f	1
Indirect Placement[g]	27	30	22	16	20	21
Self-Placement and Other	17	17	13	16	15	13
Other Positive[h] Terminations	7	10	9	8	12	9
Non Positive Terminations	49	44	55	60	53	57

d - The job entry rate is defined as the ratio of the number of terminees who obtained employment to the total number of terminations.

e - Individuals placed in unsubsidized employment after receiving only outreach, intake, assessment, referral and/or supportive services from CETA.

f - Less than .05%

g - Individuals placed in unsubsidized employment after participating in CETA training, employment programs, or supportive services.

h - Individuals terminated from CETA who enrolled in school, the Armed Services, or a non-CETA training program.

Source: Employment and Training Administration, U.S. Department of Labor Data

The main adult CETA training efforts were and are conducted under CETA Title IIB/C. For a variety of reasons, Title IIC has not been much used and has constituted only a small percentage of the funds expended on Title IIB/C. This is unfortunate since Title IIC's design addresses the transition from secondary to primary jobs. The Federal Register states that IIC was designed to provide upgrading and retraining to "Offer additional opportunities to those groups, particularly minorities and women, who are frequently locked into low-paying dead-end jobs."[112] This program appears to have had little impact due primarily to poor implementation. A Department of Labor publication entitled On The Job Training: CETA Program Models states:

"Although CETA allows upgrade training, little has been done because CETA regulations effectively preclude it. To be eligible for upgrading, a person must be employed and meet the poverty level guidelines. Few employed persons have incomes in relation to family size that make them eligible for upgrade training."

And at the service delivery level:

"However, CETA planners may be reluctant to provide for upgrade training because of the requirements cited above and because of such considerations or opinions as:

1) The lack of resources and the pressing needs of the unemployed permit expenditures only for entry OJT.

2) The payment of government funds for upgrading is a subsidization of private business that is objectionable in principle and philosophy.

3) It is too expensive, and the expected returns are doubtful or uncertain. Therefore, it is not considered a prudent investment of funds.

4) It takes too much effort and thought to develop an effective program.

5) Unions may not support the concept, and collective bargaining agreements may exclude eligible employees from participation."[113]

CETA Title IIB includes CETA work experience, classroom training and on the job training. In Fiscal Year 1980, almost half of CETA IIB/C participants were under 22 years of age.[114]

A report for the Vice President's Task Force on Youth states that of those youth participating in CETA mainline programs (i.e., Titles IIB/C, IID and VI and not including youth programs), over half were enrolled in work experience. This constitutes roughly 70% of those participants in work experience. Roughly 20% of participating youth were enrolled in a public service employment program, 20% in classroom training, and about 10% in on the job training.[115]

Classroom training may be viewed as roughly being of two kinds: 1) vocational, certified training and 2) general basic skill or remedial training (this may also include job securing skills). Training of either sort may be conducted at an educational institution or by a community based organization with authorization from the State Vocational Education Agency. Classroom training is an expensive program since both stipends for participants and costs for the training must be paid. Nonetheless, classroom training had increased as a percentage of CETA IIB/C expenditures from 37% in 1975 to 57% in 1980. The most likely reason for this increase is the trend toward basic skill, remedial, English as a Second Language, life skills, job search, etc., classroom training programs. Such classroom training programs do not enjoy the same high placement rates as certified, vocational programs. Neither are such programs generally as expensive as their certified, vocational counterparts. However, like any training program, the key to placement success is the extent of placement efforts and links with employers that the specific training institution offers.

On The Job Training:

Providing direct links to employers is the idea behind on the job training. Government sponsored on the job training began under the Manpower

Development and Training Act of 1962. Although early MDTA emphasis was on institutional (classroom) training, emphasis moved increasingly toward OJT. MDTA expenditures grew from 6% of expenditures in 1962 to 48% by 1968.[116] This trend culminated in 1968 with the National Alliance of Businessman's Job Opportunities in the Business Sector Program (NAB-JOBS). The NAB-JOBS OJT effort differed from earlier MDTA efforts in that:

1) It was designed to serve only disadvantaged workers - one had to be a high school dropout less than 22 years of age or more than 45 years of age, handicapped or in a family with below poverty level income.[117]

2) It was targeted principally to large urban areas.

3) It relied heavily on employers to promote the program and to supply supportive services.[118]

Contracts with NAB-JOBS OJT employers were of three kinds:

1) An agreement to train participants with federal compensation (50% of the first six months of employment).

2) Agreements to hire and train participants on the job and to purchase additional services from other institutions (i.e., a "coupled OJT," including, say, a classroom training component).

3) An agreement to train participants referred by the Employment Service without federal compensation.[119]

Although the National Alliance of Business encouraged contracts of the second type, contracts of the third type were the most popular.[120] This illustrates a problem that continues to plague government sponsored on the job training programs: private sector employers were willing to hire and train the disadvantaged, but they were not interested in dealing with the government. This lack of interest in dealing with the government made effective monitoring of the National Alliance of Business on the job training program sites difficult. It is not known to what extent participants or other disadvantaged would have been hired without the program or if any jobs were actually created.[121] It does appear that the National Alliance of Business

on the job training positions were usually of the low wage, low skill, high turnover type.[122] It also appears that the participants were the least disadvantaged of the disadvantaged.[123] NAB-OJT peaked in 1971. At that time, the program subsidized .1% of the nation's workers. There was ample budget to do more - there was simply no demand.[124] Moreover, it seems reasonable to assume that the reductions in force that took place in the early 1970s (due to poor economic conditions) affected OJT participants more than other employees as a result of the last hired, first fired philosophy.

Perhaps the most important lesson gleaned from NAB-OJT concerns private sector employer attitudes. A disproportionately large percentage of NAB-OJT employers were large employers.[125] Although this is likely due, at least in part, to NAB marketing efforts, it also points to the common assumption that small businesses resist government involvement even more than do large businesses. Since roughly two-thirds of net new jobs come from businesses of less than 20 people,[126] both the assumption and NAB-OJT implementation efforts take on increased relevance.

Although CETA OJT was used more extensively than NAB-JOBS OJT and in spite of congressional mandates to expand the program, it still faces similar problems of private sector involvement. In 1979, 1% of the nation's employers had OJT contracts but those contracts were usually for only one worker.[127] As has already been noted, youth accounted for roughly 10% of CETA OJT contracts.

In short, it does not appear that youth have been much served by CETA OJT. However, it must be borne in mind that CETA OJT has been viewed as the apex of employability efforts; that is, OJT is supposed to be the programmatic link to the private sector. Accordingly, there has been little incentive for Title IIB/C program operators to develop OJT sites for youth as opposed to adults. There is also no reason for OJT employers to favor youth

over adults. On the contrary, youth are characterized as having an employment barrier simply by being young. Accordingly, program operators who value highly their private sector linkages will naturally be disinclined to promote youth OJT's for fear of increasing their OJT dropout rate and the attendant loss of credibility with the local private sector. Such an attitude does not take into account the likely exacerbative attitude of program operators feeling that adults with families are "more needy" than youth. Accordingly, it does not seem reasonable to expect much from CETA OJT for youth even if the program as a whole was successful.

This conclusion is buttressed by the experience of a special OJT program funded by CETA Title III dollars. The National OJT program provided access to markets that usually stymie local CETA program operators. Most National OJT projects involved organized labor or employer associations that heavily influence the employment and training practices of those major industries (e.g., railroads and unionized construction) with which they are associated. Coupled OJT contracts were common in this program that might be considered analogous to apprenticeship programs.

In fiscal year 1978, 90% of the entry level trainees were retained in unsubsidized employment. Thirty-one percent of those placements were for individuals under the age of 21. The average cost per placement was $1,350.00.[128] These are impressive numbers and suggest that a program that calls for such labor cooperation, from the national level, can be quite successful at transitioning target groups into primary jobs. Anecdotal success stories in both NAB-JOBS and CETA OJT exist; such stories point to extensive and dedicated voluntary commitment on the part of the employer. The National OJT program, like DEPS, illustrates the importance of securing such commitment before training begins. It also suggests that securing such commitment depends considerably

upon who's doing the asking and who's being asked. The smaller the employer, the less likely it will be that the employer will be inclined to commit adequate resources to insure the success of a trainee or their involvement in the program. Similarly, it only seems reasonable to assume that, generally, promises to the Secretary of Labor are more likely to be kept than pacts with a local delivery agent administrator.

OJT is ostensibly a training program. This interpretation rests upon the premise that monies given to the employer are remuneration for training. Another interpretation views OJT as an employer subsidy. This interpretation naturally asks the question: "Does this subsidy create jobs?" The answer is not apparent. OJT has not been extensive enough to lend itself to such measurement nor is it easy to discern where training stops and the job begins.

Tax Incentives:

A more measurable and perhaps more promising method of private sector job creation has been tax incentives. In 1971, Congress passed a tax credit for employers hiring Aid to Families with Dependent Children (AFDC) recipients who were enrolled in the Work Incentive (WIN) program. With the passage of the Tax Reduction Act of 1975, Congress included AFDC recipients who were not enrolled in WIN in the tax credit target group. The Tax Reform Act of 1976 retained both target groups, softened restrictive regulations, increased the amount of the credit and attempted to promote delivery efforts.[129] The program was still not successful. The number of claims for the credit indicate that less than 5% of each year's new WIN registrants, below 2% of adult AFDC recipients and less than 10% of working welfare recipients have been claimed for tax credits by employers. Like the NAB-JOBS OJT experience, only a fraction of the businesses that were eligible for the tax credit claimed it.[130] A survey of those businesses that did claim the credit revealed that under 10%

hired the eligible individual due to the credit.[131] The lack of involvement on the part of the employers is generally considered to be due to:

1) Lack of knowledge regarding the program.

2) Fear of enhanced possibility of a tax audit or general misgivings about government involvement in the business.

3) Ideological opposition to "give-away programs."

4) The attitude that there would be too much red tape and so the cost of getting the credit would outweigh the benefits.

5) The attitude that the targeted workers are less productive or that they would be problem employees and so are not worth employing even with the credit.[132]

The Tax Reduction and Simplification Act of 1977 included the New Jobs Tax Credit (NJTC) for 1977 and 1978. The credit was equal to 50% of the increase in an employer's wage base under the Federal Unemployment Tax Act above 102% of the wage base in the previous year. Accordingly, the effective credit for each new employee ranged from $1,806.00 for a taxpayer in the 14% tax bracket to $630.00 for an employer in the 70% tax bracket, although the maximum gross credit possible for each new employee was 50% or $4,200.00. For the purposes of the New Jobs Tax Credit, the Federal Unemployment Tax Act wage base was the first $4,200.00 of wages paid for each employee. This also made the return to the employer greater on low wage employees and/or high turnover jobs.

The total amount of the credit claimed had four limitations:

1) The credit could not exceed the taxpayer's liability. This mechanism has the side effect of discouraging small businesses that do not initially have a large tax base from extensively using the program.

2) The credit could not exceed 50% of the increase in total wages paid by the employer for the year above 105% of total wages paid by the employer in the previous year.

3) The credit could not exceed $100,000.00 per year.

4) The credit could not exceed 25% of the current year's FUTA wages.[132]

NJTC was a success. Although little promotion was done, 2.4 billion dollars of NJTC credits were claimed in 1977. Apparently the news spread quickly since the amount of credits claimed in 1978 almost doubled, to 4.5 billion dollars. Roughly 28% of the nation's employers claimed this credit in 1978. It is worth noting that while about one third of those businesses claiming the credit were corporations, they garnered roughly two thirds of the credit dollars. Over two million employees were subsidized in 1978.[133] Studies of the program report that 43% of responding employers knew about NJTC in January of 1978. By the following July, this number had climbed to 58%. The same survey revealed that over 4% of all the responding firms had increased employment as a result of the New Jobs Tax Credit. An extrapolated conclusion from this survey finds that 300,000 extra jobs were created in the second quarter of 1978 at a rough cost of $6,500.00 per job. Another study, by Perloff and Wachter, assumes that NJTC caused an observed 3% growth in small and medium sized firms that knew about the credit and did not affect the rest of the economy. A Census Bureau survey found that firms attempting to expand employment because of the credit grew 10% more than those that just knew about the credit with no attendant expansionary emphasis. Perloff and Wachter concluded that NJTC fostered 700,000 extra jobs in 1977 at a tax expenditure cost of $2,000.00 per job.[135]

There are no precise cost per job figures for public service employment or for general monetary or fiscal expansion job creation efforts. However, a 1975 study by Johnson & Tomola reckons the cost of creating a job through generalized government expenditures at $18,600.00 after four quarters, $212,800.00 after four quarters with a tax cut (down to $19,700.00 after eight quarters) and with public service employment, $14,500.00, assuming that 57% of the jobs so created represent net job creation.[136] A 1975 Congressional

Budget Office study concluded that the gross cost for a PSE job was around $8,000.00, while that for a job created with a tax cut was about $25,000.00.[137] None of these figures beat the NJTC figures, although the NJTC figures use more recent dollars.

NJTC advocates also contend that the program actually lowered inflation. Since the nature of NJTC should have focused the credits to economic sectors with high turnover and high numbers of medium and small size firms, a study was done to test compression of the margin between retail and manufacturer's finished consumer goods prices in some representative industries. The findings showed that marginal costs were reduced 5% to 7% and by June of 1978 to have lowered the prices of nonfood commodities by almost two percentage points, while lowering prices of all commodities by about 1%. These findings suggest that savings to consumers equalled the face value of the tax credit claims. If prices outside of these representative sectors (e.g., services or manufacturing) had also dropped as a result of the credit in NJTC's second year, the induced price reduction would have been greater than the face value of the credit claimed.[138] Even though these findings are theoretical, they are impressive and considerably more promising than most employment subsidy advocate theorists are used to.

The apparent success of NJTC at net job creation must be tempered with the realization that, like PSE, it would most probably have engendered high substitution rates if it had remained in effect. Nor was NJTC designed to address structural unemployment. In the better economic environment of 1978, Congress allowed the essentially countercyclical NJTC to lapse and passed the Targeted Jobs Tax Credit. TJTC is presently targeted at nine specific groups.

1) Economically disadvantaged youth, 18 to 25 yrs. of age.

2) Economically disadvantaged Vietnam era veterans.

3) Economically disadvantaged felons.

4) 16-20 yr. old cooperative education students.

5) Vocational rehabilitation participants.

6) SSI recipients.

7) Involuntarily terminated PSE participants.

8) WIN and AFDC recipients.

9) Noncontinuing grant recipients.

It is not yet apparent that TJTC has been a success or that it has failed. It has certainly reached more individuals more than the WIN credit or any OJT program.[138] In early 1981, 84% of TJTC certifications (i.e., hires) were youth.[140] However, the program was serving less than 10% of the youth eligible[141] and roughly half of the youth certified were cooperative education students. Surveys indicate that TJTC had no effect on cooperative education employers. These youth would undoubtedly have been hired anyway. These discouraging data are further exacerbated by the fact that the majority of TJTC certifications in the first two years of the program were retroactive; that is, the individuals certified were hired before TJTC eligibility had been determined. These hires most certainly would have occurred without the program.[142]

Accordingly, only 25% of the youth ostensibly served by TJTC in its first two years could possibly have been hired due to the program. Those actually hired due to the program would be those remaining after applying a reasonable substitution rate figure to that 25%. The result cannot be impressive.

This may say much more about the program's implementation than it does

about the program. TJTC is the first tax based subsidy scheme of appreciable magnitude designed to alleviate structural unemployment--and specifically the structural unemployment of youth. It is not surprising that TJTC has aroused some controversy. It is surprising that it was, intially, so poorly implemented. A 1980 survey found that roughly 17% of all employers (accounting for 33% of private sector employment and therefore large companies) knew about the credit.[143] This is surprising since the bill was passed in 1978 and immediately followed NJTC for which 28% of the nation's employers claimed credit.[144] TJTC did necessitate the design and institution of a vouchering and certification process and attendant agreements between the Department of Labor and the State Employment Security Agencies and the different agencies that deal with the targeted groups (vocational rehabilitation, welfare agencies, CETA prime sponsors, etc.). As a result, the program did not start to really function until nine ten months after its expected starting date.[145]

There is some evidence that the program's public relations sendoff consisted of notifying the Fortune 500 firms. Since almost two thirds of the net new jobs come from businesses with less than 20 people,[146] one wonders how effective such an approach should be expected to be. It is reasonable to speculate that promotion of this nature caused the low familiarity rate in the 1980 survey. Similarly, the determination of "economically disadvantaged" and the vouchering process were to be done by State Employment Secruity Agencies and CETA program delivery agents. These organizations are familiar with such procedures, but the increased activity from TJTC certainly entailed additional expenditures. Moreover, TJTC was designed to voucher (assure applicant eligibility for TJTC) only for the calendar month in which the applicant applied. The system necessarily required a considerable amount of revouchering and attendant expenses. Most delivery agents did not feel that

funds appropriated to cover those expenses were sufficient. It appears that the slow takeup rate of TJTC was affected by the disinclination of delivery agents to deliver the program.

It is worth noting that those State Employment Security Agencies that chose to aggressively market TJTC found that the program helped them "get the foot in the door" of employers that had not previously opened their portals and that they experienced improved relations with businesses that already use Employment Security services. In the light of the youth employment problem, this is an important effect. State Employment Security offices place youth. Fourty percent of all Employment Service placements in 1975 and 1976 were under the age of 22.[147] In 1980, 31% of E.S. registrants were under the age of 22.[148] These figures are inflated by summer youth programs, but they are appreciable all the same. Even more importantly, nonwhite youth are considerably more likely to use the Employment Service than are white youth. Stimulation of positive interaction between State Employment Security Agencies and the private sector is likely to benefit placement of youth.

With the Economic Recovery Act of 1981, Congress did away with retroactive certifications and required that cooperative education students be economically disadvantaged for the employer to claim a tax credit. Congress also incorporated the WIN and welfare recipient tax credits in TJTC. Such improvements in the bill and a renewed emphasis on delivery efforts appear to have increased its effectiveness.

For the nine month period ending June of 1982, 86% of TJTC certification were economically disadvantaged youth. Over half of those economically disadvantaged youth, however, were cooperative education students. Nonetheless, the number of certifications in the distinct target group of economically disadvantaged youth (i.e., not including cooperative education students) for

the nine month period ending June of 1982 equalled 84% of the number certified in that same distinct target group for the 21 month period ending December of 1980.[149] Considering the difference in time periods and the fact that retroactive certifications were not allowed in 1982, it appears that TJTC is expanding in spite of a tight labor market. It is not evident to what extent substitution has played a role in this increase or that the sorts of jobs that TJTC certifications represent are the sorts of jobs for youth that policy should not encourage. Indeed, fast food establishments were well represented at the hearings on TJTC before the Senate Finance Committee's Subcommittee on Economic Growth, Employment and Revenue Sharing on April 3, 1981, just prior to passage of the Tax Reduction and Simplification Act of 1981. That TJTC Caps qualified wages at $6,000.00/yr. obviously rewards an employer using low wage, high turnover or temporary labor. Moreover, although TJTC is targeted at specific groups, it is not targeted geographically. Accordingly, there is no reason to believe that TJTC is particularly effective at addressing the hard core unemployed in inner cities. What the experience with tax credits has shown is that 1) non-targeted tax credits create jobs at a comparatively attractive price and 2) the targeting of tax credits entails careful attention to implementation efforts.

Local Efforts and Entrepreneurship:

Recent studies of job creation in private industry indicate that firms with fewer than 20 employees have generated from 55% to two thirds of net job growth in recent years. A Brookings Institution Study found that establishments of less than 100 employees accounted for about 78% of net job growth in the 1978 to 1980 period.[150] Of particular importance in terms of addressing the stubborn core of youth unemployment was the finding that slower growth areas are especially dependent upon small businesses to create jobs.[151] Accordingly, small business stimulation and youth entrepreneurship

is presently a popular method of addressing the youth unemployment problem.

Two contemporary examples of uniting training and small business to alleviate local youth unemployment are Sky Wood Craft, Inc. in Skamania county, Washington and the Clean Sidewalks Program in Seattle, Washington. Skamania county's economic base is primarily forest resources. This county has traditionally suffered from seasonal unemployment and one of the higher unemployment rates in the state. Sky Wood Craft, Inc. is a production supported technical school. The program trains participants in woodworking skills. The woodworking industry is presently a growth industry. Products are sold on a contract basis and through a nascent marketing effort. Profits are used to reduce the training cost per participant.

The project is coordinated through the local Community Action agency. Sky Wood Craft, Inc. has used Community Action agency, county and CETA (Title VII-Private Industry Council) dollars and assistance. The program is for economically disadvantaged, out of school, 18 to 25 year old individuals. It is perhaps too early to say that the project has been a success, but it is promising and presently growing. From the first group of 15 participants, 4 found unsubsidized employment, one went on to training related schooling and three were retained by Sky Wood Craft Inc. as regular employees. The future of this program appears to hinge on the success of its marketing efforts. Sky Wood Craft is presently in the process of hiring a marketing director who will be the most highly paid individual in the program. Hank Patton, project initiator, contends that "the program will bo bust without marketing." It is worth noting that the original Private Industry Council (CETA Title VII) grant contained only a minimal amount of funds for that purpose.

To the extent that this program has been and is likely to be successful, a large amount of the credit must go to the organizers, the county (who lent

tools as well as other assistance) and to enthusiastic community support. Mr. Patton stated that 20 to 25 individuals have given freely of their time and resources to make this program work. This is an appreciable effort for a program that currently carries 15 participants and has been underway for roughly a year and a half.[152]

The drawbacks to such a program hinge on the availability and willingness of such support and on the extent to which any such program directly competes with the private sector. If the market for Sky Wood Craft products is sufficient to support the program without outside assistance, then it seems likely that this niche exists because start-up costs were borne with public monies and/or because product prices are lower, due to lower wages, than in the private sector. Such a project is best viewed in terms of training rather than job creation. Accordingly, costs must be viewed directly in terms of public funds expended and in terms of the indirect costs borne by private sector firms through the market share lost to a subsidized competitor. More direct job creation success might be measured by contracts that Sky Wood Craft could "spin off" to local graduates in business for themselves. Although Sky Wood Craft hopes to reach that point, it has not yet been successful in so doing.[153]

The laudable goal of Sky Wood Craft Inc. is to exploit a temporal gap in the free market's ostensibly self correcting system. To do such on a natinal scale is the goal of fiscal tinkering. To do the same on a local scale often engenders the argument that the government is "robbing Peter to pay Paul." However, even if Sky Wood Craft is missing its mutable mark, a policy that accepts even a minimal amount of redistribution must ask where there is a poorer Paul than Skamania county. Moreover, it is on the local scale that such dysfunctions are most obvious and most amenable to correction

or profitable and beneficial exploitation. To the extent that Sky Wood Craft sorts of projects can recognize and utilize market dysfunctions they hold job creation promise. A simple variation of the program, for example, would create a cooperative establishment that paid back its investors over time and then incorporated as a private sector establishment.

Two examples of cooperative efforts that did succeed are the Florida State Association of Cooperatives and the Confederation Agricola De California. Both of these programs used CETA monies (Governor's Grant, OJT, PSE and in FSAC's case, classroom training monies) to get organized and to get off the ground. Similarly, both of these programs created farmer cooperatives (small black farmers in Florida and Hispanic farm workers in California). Although these programs were not targeted toward youth, they hold lessons applicable to any similar program model. Like Sky Wood Craft, it is most unlikely that either of these programs would have succeeded had it not been for the commitment and dedication of major actors and a strong ocmmunity base. It is also quite likely that neither would have been successful without considerable time and effort expended in the planning stages.[154] The success of any such programs is contingent upon knowledge of the local resources and politics and the market for the goods produced.

In Seattle, Washington, the Metrocenter YMCA has found a niche in the marketplace for youth business. The Clean Sidewalks program sells exterior maintenance services to private businesses in the Seattle area. The program works its participants part of the week and part of the week they engage in specific, job related and work research training, resume writing and other supportive training. Participants receive pay raises based upon the level of training achieved and work performance.

Originally funded with CETA On the Job Training dollars, the program

started with ten participants and how has five. One has gone on to unsubsidized employment. The OJT contract will soon expire. Program administrators are optimistic that the program will be able to pay its own way after CETA funds are no longer available. Indeed, they feel that the Clean Sidewalks program will soon be able to expand both in scope and in nature.

The program was intentionally small when it began. It has also intentionally shied away from performing those indoor custodial services performed by private sector custodial service firms. Again, the success and promise of this program is attributable largely to the enthusiasm of Metrocenter YMCA staff and the generally high regard held by the local private sector for that organization. Considerable groundwork was done prior to the program's inception.[155] The Clean Sidewalks program is important preceisely because it appears to have discovered an unutilized niche in the market place. It is not yet apparent that this niche has the capability of producing jobs, although the promise of expansion suggests that it might. However, as a self supporting training and work program, it is already a promising example of local initiative.

On national scale, a presently popular form of small busienss stimulation is small business workshops. A considerable amount of CETA Title VII (Private Industry Council) dollars are currently being expended on such efforts. Although small businesses create jobs, they are also prone to instability and a high failure rate. The cause of instability and failure is usually due to poor management and insufficient capital.[156] The small business workshops attempt to ameliorate these problems.

An early and successful program patterned along these lines is the Massachusetts Business Information Network. In its pilot phase (1976 and 1977), 400 small businesses were assisted and $1,700,000 in loans were approved with the attendant creation of 120 new jobs and 300 job retentions.[157] It

is too early to tell if the more widespread application of this concept has been as successful, although indications are that the workshops are well attended. In terms of job creation, this idea holds promise. However, success is contingent upon at least two important factors: 1) the instructor must be well qualified and should know the local area and 2) the economy must be conducive to small businesses.

It is worth noting that the original director of the Massachusetts Business Information Center Network (Massachusetts Bic-Net) developed the concept when he was with the Federal Reserve Bank in Boston. To provide Massachusetts Bic-Net Counsellors with adequate reference materials, he developed two resource manuals.[158] Again, program success is directly tied to specific actor.

Public Works:

Public works projects represent another kind of government sponsored job creation. In the main, such projects are expensive measured by dollars expended per individual employed.[159] Moreover, past experience indicates that many projects were unnecessary or are of little social value. To the extent that public works programs have been used to create jobs, the programs have generally been intended to address countercyclical needs. They have not been particularly successful in that role. Problems with implementation have often delayed start up until after the countercyclical desirability has passed. Although the jobs created may provide both openings and training for youth, it is not apparent that the market will provide jobs for those last hired after public works projects monies are spent. This is not to say that variations of public works projects designed to spearhead long-term policies of rennovating the nation's infrastructure would not provide long-term job growth and youth employment. However, such a policy must be very long term if the necessary funds are viewed as expenditures for net job creation.

The Military:

Percent of Male Youth
in Armed Forces by Race and Age[160]
1978

Total Population				Out of School Population			
White		Nonwhite		White		Nonwhite	
18-19	20-24	18-19	20-24	18-19	20-24	18-19	20-24
6.3%	6.7%	10.5%	13.5%	12.2%	8.7%	19.2%	16.2%

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings.

An appreciable and important form of government generated job creation for youth is the armed services. In recent years, the percentage of whites in the military has been steadily decreasing while that of nonwhites has been increasing. The proportion of the nonwhite male youth population in the armed forces surpassed that same measurement of white male youth about 1973. In 1978, the armed services employed over 17% of the out of school nonwhite 18-24 year old population.[161]

It seems terribly important to examine an employment sector that employs such a sizeable percentage of that population most affected by the youth unemployment problem. Unfortunately, not alot of examination appears to have been done. Some theorists contend that military training is very valuable and that the reason many veterans do not pursue occupations for which they have been trained is because they fail to settle in geographical areas that contain such occupations.[162] Other viewpoints are not so complimentary and suggest that military training is military training and that little of such training is designed to transition an individual into civilian employment after separation from the military. Instead, the Veteran's Administration programs, Veteran's Preference and the G.I. Bill are the tools that

ostensibly transition veterans into civilian employment. One must wonder why veteran unemployment is a national concern if military training and/or transition benefits are actually effective. To be sure, it is not the military's primary task to employ or train youth, yet train and employ youth they do and they train and employ a great number of those that are at the core of the youth unemployment problem.

The recent burgeoning of the defense budget has prompted the Department of Defense to spend more dollars recruiting and training its volunteers. The argument that purports that a significant part of America's defense "problem" is an inadequate supply of adequately trained manpower to operate increasingly complex military hardware has engendered action at the Department of Defense. Efforts have been made to recruit more highly skilled and trained individuals to fill these roles. Recently, a public relations spokesman for the armed services recruiting office stated that the military was being more selective in its recruiting efforts and that the individuals they were recruiting were also in demand in the private sector.[163] It is certainly true that competition for training positions in the military is presently keen, with waiting lists, although there is ample demand for jobs like infantryman. Such a situation does not bode well for the uneducated or unskilled applicant. However, the military is spearheading their recruitment efforts with job training as the largest, juiciest carrot. To the extent that the military can provide training in occupation areas that are in demand in the civilian labor market or to the extent that military specific training includes training geared toward the transition to civilian employment (without adversely influencing the military's primary task), such training should be encouraged by policy addressing the problem of youth unemployment.

To address the issue of youth unemployment and job creation and the armed services, policy makers need to know the nature and the distribution of jobs in the armed services. In other words: How does the nature and distribution of military occupations fit with that of the civilian labor market? The Department of Defense has recently issued a desk aid for school and State Employment Security Agency job counsellors. This manual allows the counsellor to convert military jobs to specific Dictionary of Occupational Title occupations or clusters of civilian jobs. Information regarding the distribution of jobs in the armed services, coupled with the conversion manual, should allow policy makers to ascertain the likely occupations that will be sought by veterans. Further information regarding which military jobs are held by nonwhite out of school males should allow policy makers to guage the affect military involvement has on that cohort's transition to civilian employment. More research needs to be done on "the largest training program for youth in the nation."[164]

Policy approaches to the youth unemployment problem must view the target group as two groups: in school and out of school. If policy wishes to foster secondary education completion, it must address the problem of meshing school and work as complements. The comparative dearth of primary jobs currently available suggests that extensive student participation in primary jobs will most likely exacerbate the unemployment of out of school youth. If education has future value, the long term income potential for students will be negatively affected by secondary jobs only insofar as those jobs may instill poor work habits or draw youth out of school. Accordingly, secondary job creation is likely the most efficient and available employment vehicle to

meet student needs if those negative possibilities are controlled. Whether such job creation occurs in the private sector, public sector or a mix of both is a decision based on the benefits relative to the costs. In any case, mitigating the extent of possible adverse influences on students in the secondary job market is most likely to be accomplished by encouraging the education institution's involvement in those job creation efforts. The negative effects of a secondary job on a youth, as defined in this paper, are more likely to be visible to school counsellors or instructors than to a work experience administrator or to the State Employment Security Agency TJTC vouchering unit. Similarly, schools are not as likely to suffer from the current mistrust or antipathy toward government that more "bureaucratic" institutions currently suffer.[165] Schools "belong" to local communities more than do most social service delivery organizations. A school's close involvement with a community also increases the likelihood of significant actors and community support playing an effective role. Moreover, increased school involvement in employment efforts seems likely to move educational efforts more rapidly toward the needs of the "real world."

School involvement played a key role in the Neighhorhood Youth Corps' successful VEPS program. There is no reason that an educational institution could not act as a vouchering unit for TJTC or any similar tax incentive program. The concept of a "for students only" tax credit run by schools warrants consideration if policy chooses to use tax credits as a job creation tool.

One study contends that educational performance for high school youth increases as hours worked increases up to somehwere between two to three hours worked per day. After that, performance in school declines.[166] Although the study does not so conclude, it seems reasonable to assume that the

tendency to substitute work for school is also encouraged as hours worked exceed the two to three hours per day mark. If the assumption is made that a student can work two yours a day during the school week and one day on the weekend without adversely affecting his or her studies, then it seems reasonable to cap student employment at about 20 hours a week. Actual enforcement of such a cap is most likely to be fairly simple in a work experience sort of program. Using tax credits for job creation, blanket enforcement of such a cap might be virtually impossible. However, if enforcement of such a cap is necessary only when adverse effects are manifested, enforcement becomes much simpler. If the school decides that the student's academic achievement is suffering from a job and can document that the student is working more than 20 hours a week, the school simply notifies the employer that they are no longer eligible for the credit for that student. If the employer is aware of the tax credit requirements, it seems unlikely that the employer would be willing to pay the potential public relations price of resisting the loss of eligibility. If a student works more than 20 hours a week and educational achievement and school attachment do not suffer, there is no reason to enforce the 20 hour rule. Accordingly, if a student wished to work more than 20 hours a week, he or she would have an obvious incentive to maintain or improve the level of their academic effort. Similarly, if an employer wished to work a student more than 20 hours a week and retain the tax credit, the employer has an obvious incentive to schedule working hours such that the student's academic achievement does not suffer. Abuse of such a credit could only be temporary, in any event, if the credit were capped at a total wage amount in the neighborhood of a low wage, part-time, annual income.

Policy addressing the out of school youth unemployment problem must

consider the different demand of that cohort. Jobs for out of school youth need to be, or to lead to, fulltime, "living income" jobs. Accordingly, appropriate job creation policy for addressing the problems of this cohort should center around increasing the net number of primary jobs or redistributing present primary jobs. If productivity is viewed as a salient aspect of primary jobs, then training for those primary jobs that are and appear to be in demand for the forseeable future (e.g., data machine repairer, medical technicians) is likely to increase the net number of primary jobs. Net job increase should follow from the demand that greater productivity engenders. This simply suggests that training dollars are likely to get a bigger "bang" in terms of potential primary job creation, if they are restricted to certain occupational clusters. Stimulation of those industrial sectors that appear to hold promise for primary job creation can also be viewed as an indirect method of primary job creation. The Small Business Research Innovation Act is an example of such stimulation.

The desirability of more direct redistributive job creation must be viewed in light of the social benefits gained from such efforts relative to the social costs incurred. Any job creation efforts must address the questions:

1) Should the effort be targeted?

2) If targeted, how?

3) What public/private sector mix is most appropriate?

4) What job creation vehicle should be used?

The likely future costs to society resulting from inner city youth unemployment appear to be higher than those for the remainder of the problem cohort. Accordingly, a bigger bang for the buck should be expected if resources are targeted at that group. This seems likely in spite of the fact that targeting is expensive and difficult and so raises the cost per

participant.

If policy chooses to target job creation efforts, the expense and administrative and implementation efforts will be affected by the nature and extent of such targeting. The narrower the targeting, the more expensive and complex the program is likely to be. Accordingly, although geographically targeted job creation efforts at unemployed inner city youth might yield an acceptable bang for the buck, further targeting at unemployed inner city nonwhite male youth may incur implementation problems and attendant costs that would raise bucks much more than the bang.

Regardless of how job creation efforts are to be targeted, the public/private sector job mix must be carefully considered. Although work experience programs in the public sector may meet the demand of in-school youth, the present trend in public sector employment suggests that creation of long term jobs in this sector is most likely to be very difficult.

If job creation efforts are to be mainly or wholly in the private sector, policy must ask what form of incentive is most likely to yield the greatest public benefit. Increased general government expenditures or other conventional macroeconomic approaches may increase the demand for labor in general. However, such approaches carry no guarantee that the jobs so created will be of the sort policy wishes or will employ the cohort that policy desires to affect. Past experience with incentive targeting suggests that businesses either a) resist using the incentives precisely because the incentive identifies a hard to employ group that the employer does not wish to hire or b) take the incentive because they were already employing that cohort anyway.

Experience with substitution abuse strongly suggests that the longer a program is in place, the more likely substitution will be. Accordingly, policy may choose to frequently roll over programs that have a high vulner-

ability to substitution abuse (e.g., TJTC).

Mitigating the resistance to hiring groups identified as hard to employ requires selling the employer. Exemplary programs, such as National OJT, should be encouraged and their results marketed as enticements to local employers. This requires advertising from the national level and it requires that information regarding such successes be dispersed to local delivery service organizations for their use in overcoming local business resistance. The low use of OJT and the early implementation problems of TJTC strongly suggest that targeted job creation efforts would be greatly enhanced by more extensive marketing efforts.

The ultimate key to successfully implementing targeted job creation efforts is the efficacy of the local delivery organization. It is at this point that local business involvement in job creation efforts is secured or lost. If local businesses resist government involvement, then government involvement at that local level needs to be kept to a minimum. Where such organizations exist, youth advocate organizations are more likely to provide an effective link to the private sector than are formal government agencies. Policy addressing the youth unemployment problem in inner cities is likely to enjoy enough alternative organizations that performance criteria could be used to engender effective competition for job creation programs.

The always alternative policy appraoch of "doing the same," does not seem desirable regarding the present youth unemployment problem. Such an approach is most likely to exacerbate the cynicism and consequent future costs to society that Levin cites. Moreover, the continuing deterioration in racial equity manifested in the youth unemployment situation may cause a return to the militancy and unrest of the 1960's.

APPENDIX A[101]

The very general electronics field is booming. If the two leading growth industries in this field are representative, one can reckon that average hourly earnings are generally lower than for durable manufacturing as a whole, for production workers. New hires and separations per 100 employee are lower for group and subgroup for x-ray apparatus and tubes, although semiconductors and related devices' subgroup "electronic components and accessories" has higher separation and new hire rates than semiconductor's group, the specific industry, or durable manufacturing as a whole. This anomaly likely reflects a number of turbulent factors in this industry, including the fact that the industry is tightly tied to government spending (particularly defense), trade policies and regulation. It is also regarded as an industry whose profitability hinges on an entrepeneurial management style unrestricted by elaborate corporate controls. Such an attitude suggests heavy dependence on small subcontractors that boom or bust according to the market demand. This industry is also characterized by growing foreign competition and is already closely linked with international trade since much of the product leaves this country to come back as part of an end product consumer good. Semiconductors and related services is perceived as the flagship of the electronic equipment and components sector. Establishment and employment appeal to be overrepresented in California, the upper Atlantic seaboard and the western sunbelt including Texas. Forty percent of x-ray apparatus and tube producing establishments are located on the east coast, with New York contributing 12%. Ohio, Illinois, Wisconsin and Minnesota are also employment centers in this industry, while California and Florida split about a fifth of the industry's employment. This industry also faces foreign competition. By classification methods other than the standard

industrial classification, x-ray apparatus and tubes may be classified as a member of the group of medical and dental instruments and supplies. When so classified, it is perceived as the "flagship" of that field.

Optical instruments and lenses' subgroup has enjoyed a slightly higher new hire rate than its group, but both have remained more consistent than durable manufacturing in general coming into 1981. The separation rates are considerably lower for both group and subgroup than durable manufacturing overall, with layoff rates being particularly low. Average production worker hourly earnings are below the average for durable manufacturing. Again, the Atlantic seaboard and California are prominent production centers, while Illinois leads the north central with 5% of those employed in this industry. This industry is influenced by defense spending and should be helped by R & D tax incentives.

Electronic computing equipment and calculating and accounting machinery both belong to the same SIC group and subgroup. New hire rates for both were quite similar to the 1977-81 rates for durable manufacturing as a whole. Separation rates were lower, particularly in the subgroup. Layoffs were particularly low in this subgroup and although higher for the group were still lower than durable manufacturing as a whole. Wages for the subgroup and the specific industry are lower than durable manufacturing overall. Electronics computing equipment finds at least 30% of its establishments and employees in California. The Atlantic seaboard (Massachussetts, New York, New Jersey, Pennsylvania) accounts for over a fifth of the establishments and over a quarter of the employees. Texas, Florida and North Carolina and Minnesota account for most of the remaining activity with Minnesota alone employing 12% of the individuals involved in the specific industry.

Employment for electronic and electrical assemblers is expected to grow 2.5% annually through 1990. Electro mechanical assemblers (roughly 1/4 as

large a group) is expected to grow even more rapidly. Although this growth is very healthy in comparison to production worker growth, in general, it is worth noting here that growth in computer and office machine service employment (repairers, programmers operators, etc.) will be more than double the growth rate for their industrial production worker counterparts.

Oilfield machinery -- earnings in this specific industry and its group machinery, except electrical and its subgroup construction and related machinery are higher than the averages for durable manufacturing overall. New hires for the specific industry are considerably higher than for the subgroup group or durable manufacturing overall. Separations have been higher in the past for the specific industry than its group or subgroup, but turned downward in 80 and 81. The separation rate for durable manufacturing overall in considerably higher than the group, subgroup in specific industry. The layoffs rate for the group, subgroup and sepcific industry are lower than manufacturing overall and are particularly low for the specific industry. This industry has at least 50% of its establishments and almost 70% of its employees in Texas. California follows with at least 12.7% of the specific industry's establishments and over 10% of employees. Oklahoma follows with 12% of the employees and 8.7% of the establishments. The bulk of the remaining activity takes place in Pennsylvania Los Angeles and Kansas. In short, the machinery is close to the oil and the west south central region accounts for 70% of the specific industry's production.

Pickles, sauces, and salad dressings -- although the groups hourly wage is higher than the hourly average wage for non-durable good manufacturing, the subgroup is below the overall average. The separation rates for the group are considerably higher than for nondurable manufacturing overall. However, the separation rates for the subgroup are much, much higher, ranging

in the mid-teens compared to the mid 6s for the group and mid for nondurable overall. The layoff rates reflect the same ratio as the termination rates. This industry is widely represented geographically, with California, New York and Michigan accounting for roughly a third of the establishments in the specific industry, while California, Michigan and Illinois, Georgia and Pennsylvania account for over half of the employees.

FOOTNOTES

1. Henry Levin, "Youth Unemployment and Its Educational Consequences," Policy Paper No. 80-C4 Fiftieth Anniversary Conference of the Australian Council for Educational Research, Melbourne, August 28, 1980. pp 4-6.

2. Ibid p. 3.

3. U.S. Department of Labor, Youth Knowledge Development Report, 2.5, Factbook On Youth (Washington, D.C.: GPO, May 1980), p. 4.

4. U.S. Bureau of Labor Statistics, Profile of the Teenage Worker, BLS Bulletin 2039 (Washington, D.C.: GPO, October 1980) p. 2.

5. U.S. Department of Labor, 2.5, Factbook on Youth, p. 3.

6. Ibid p. 35.

7. U.S. Bureau of the Census, Statistical Abstract of the United States (Washington, D.C.: GPO, 1981) p. 381, Table No. 637.

8. U.S. Department of Labor, Employment and Training Report of the President, 1981 (Washington, D.C.: GPO [1981], transmitted to Congress in 1981.), p. 147, Table A-17.

9. U.S. Bureau of the Census, Statistical Abstract of the United States, p. 381, Table No. 636.

10. U.S. Bureau of Labor Statistics, Profile of the Teenage Worker, p. 2.

11. These figures are reckoned from the: U.S. Bureau of the Census, Statistical Abstract of the United States, p. 379, Table No. 634 (Source: U.S. Bureau of Labor Statistics, Handbook of Labor Statistics, Annual Employment and Earnings Monthly) and the population figures for minority youth in the U.S. Department of Labor's 2.5 Factbook on Youth, pp 8 & 9, Table A-3 (Source: U.S. Bureau of the Census, Current Population Reports, Series P-25, Nos. 311, 519, 721, 800.

12. The figure for 1950 is suspect. I have used the 1954 civilian labor force participation rates on pages 36 & 37 of the U.S. Department of Labor's, 2.5 Factbook on Youth (Source: U.S. Department of Labor & Department of Health, Education and Welfare, Employment & Training Report to the President, 1979, Table A-4) and applied those rates to the 1950 population figures on pages 8 and 9 of the same work (see Footnote #11 for SOURCE). Although the population increase for minority youth was not appreciable in the early 1950's, the change in labor force participation rates may have been. However, there is no reason to believe that that was the case. Total labor force figures used are from the 102 edition of the Statistical Abstract of the United States, p. 379, Table No. 634 (for SOURCE see Footnote #11).

13. U.S. Department of Labor, 2.5 Factbook on Youth. p. 44. Table D-6.

14. Ibid p. 36, Table D-1.

15. Ibid, p. 40, Table D-4.

16. Ibid, p. 46, Table D-7.

17. Ibid, p. 37, Selected from Table D-2.

18. Norman Bowens, "Young and Marginal: An Overview of Youth Employment," Monthly Labor Review, October 1979, p. 14.

19. Ibid, p. 20.

20. U.S. Department of Labor, Youth Knowledge Development Report, 2.7, Findings of the National Longitudinal Survey of Young Americans, 1979 (Washington, D.C.: GPO, May 1980), p. 4, Table 1.1.

21. Peter B. Doeringer and Michael J. Piore, Internal Labor Markets and Manpower Analysis (Lexington, MA: Heath Lexington Books, 1971), p. 164.

22. U.S. Department of Labor, Employment and Training Report of the President, p. 191, Table B-9.

23. Ibid, p. 194, Table B-10.

24. Ibid, p. 195, Table B-11

25. U.S. Department of Labor, 2.7, Findings of the National Longitudinal Survey of Young Americans, 1979, p. 42.

26. U.S. Bureau of the Census, Statistical Abstract of the United States, p. 384, Table 641.

27. U.S. Department of Labor, 2.5, Factbook on Youth, pp. 21-23, Table C-1 and Figures C-1 and C-2.

28. Doeringer and Piore, p. 1.

29. Ibid, p. 13.

30. Ibid, p. 18.

31. Ibid, pp. 22-27.

32. Ibid, p. 32.

33. Ibid, p. 167.

34. U.S. Department of Labor, Youth Knowledge Development Report, 2.13, Schooling and Work Among Youths From Low-Income Households. (Washington, D.C.: GPO, May 1980), p. xxxi.

35. U.S. Bureau of the Census, Statistical Abstract of the United States, p. 385, Table 645.

36. Ibid, p. 385, Table 645.

37. Damon Stetson, "Service Industries Gain in Job Totals," New York Times, July 7, 1982.

38. Ibid

39. Max L. Carey, "Occupational Employment Growth Through 1990," Monthly Labor Review, August 1981, p. 43.

40. Ibid, p. 45.

41. Carol Boyd Leon, "Occupation Winners and Losers: Who They Were During 1972-80," Monthly Labor Review, June 1982, p. 23.

42. Carey, p. 46.

43. Ibid, p. 46.

44. Ibid, p. 51.

45. Ibid, p. 46.

46. Ibid, p. 46.

47. Ibid, p. 47.

48. Ibid, p. 47.

49. Ibid, p. 45.

50. Valerie A. Personick, "The Outlook for Industry Output and Employment Through 1990," Monthly Labor Review, August 1981, p. 39.

51. Ibid, p. 40.

52. U.S. Department of Labor, 2.7, Findings of the National Longitudinal Survey of Young Americans, 1979, p. 46, Table 3.3.

53. This list is selected from: U.S. Department of Commerce, Bureau of Industrial Economics, 1982 Industrial Outlook (Washington, D.C.: GPO, January 1982), p. xvii.

The industrial groups and subgroups are the two and three digit Standard Industrial Classification codes within which these four digit industries fall as presented in: U.S. Department of Labor, Supplement To Employment and Earnings/Revised Establishment Data, August, 1981.

54. Applicable BLS data is: U.S. Department of Labor, Annual Earnings and Employment Patterns of Private Non-Agricultural Employees, 1973-1975, U.S. Bureau of Labor Statistics Bulletin 2031. (Washington, D.C.: GPO, August, 1979), pp. 342-348, Tables C-12 and C-13.

Another source is: Arvil V. Adams and Garth F. Mangum, The Lingering Crisis of Youth Unemployment, (W.E. Upjohn Institute for Employment Research, Kalamazoo, MI, 1978), p. 27, Table 2.1. (SOURCES: U.S. Department of Labor and U.S. Department of Commerce).

55. Personick, p. 37.

56. U.S. Department of Labor. 2.7, Findings of the National Longitudinal Survey of Young Americans, 1979, p. 45.

57. U.S. Department of Labor, Supplement to Employment and Earnings Revised Establishment Data (Washington, D.C.: GPO, June 1982), p. 191.

58. U.S. Department of Labor, Annual Earnings and Employment Patterns of Private Non-Agricultural Employees, 1973-1975, p. 347, Table C-13.

59. U.S. Department of Labor, Supplement to Employment and Earnings Revised Establishment Data, June 1982, pp. 212-213.

60. Ibid, pp. 215-216.

61. Personick, p. 37.

62. Personick, p. 39.

63. U.S. Department of Commerce, Bureau of Industrial Economics. 1982 Industrial Outlook (Washington, D.C.: GPO, January 1982), p. xvi.

64. Ibid, p. xviii.

65. Ibid, p. xvii.

66. U.S. Department of Agriculture (Research Report #24), Nonmetro Job Growth and Locational Change in Manufacturing Firms by James P. Miller (Washington, D.C.: GPO, January 1982), p. 10.

67. U.S. Department of Labor, Supplement to Employment and Earnings Revised Establishment Data, June 1982, p. 212.

68. Carey, p. 48. The Employment Growth in Thousands 1978-1990 column and the attendant asterisked "Overall" note is taken from Table 2 in the same article. PP. 49-54. "Overall" is the projected mean growth rate for all occupations.

69. Carey, p. 48.

70. U.S. Department of Labor, Supplement to Employment and Earnings Revised Establishment Data, June 1982, pp. 212 and 219.

71. Elizabeth Waldman, Allyson Grossman, Howard Hayghe and Beverly Johnson. "Working Mothers in the 1970s: A Look at the Statistics," Monthly Labor Review, October 1979, p. 43.

72. Ibid, p. 43.

73. Leon, p. 25.

74. Carey, p. 48. The Percent of Employment Growth 1978-1980 column is taken from Table 2 in the same article.

75. Ibid, p. 48.

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